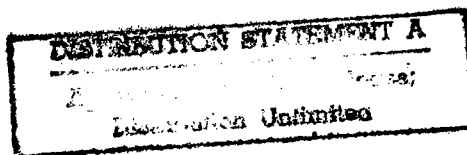


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15 May 1985

# Southeast Asia Report



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15 May 1985

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AUSTRALIA

CANBERRA REFUSES U.S. REQUEST TO ASSUME NZ SPY ROLE

Melbourne THE AGE in English 16 Mar 85 p 1

[Article by Michael Richardson]

[Text]

SINGAPORE, 15 March. — Australia has told the United States it is not prepared to take over responsibility from New Zealand for collecting intelligence on Soviet and other shipping movements in South East Asia.

Canberra and New Zealand sources have confirmed that a proposal along these lines was made recently through American military channels.

It followed the row over the New Zealand Government's refusal to allow nuclear-armed or powered ships into its ports — a ban the Reagan administration says cuts across Anzus obligations.

In retaliation, the US has withdrawn its military cooperation with New Zealand.

One Canberra source told 'The Age' today that the Australian Government's response was that the Australia, New Zealand military intelligence staff (Anzmis) had nothing to do with Anzus.

Observers believe the Australian Government does not want the Anzus row to spill into South East Asia or any other region

where Australia and New Zealand are involved.

Anzmis is a small maritime intelligence gathering centre based in the headquarters of a New Zealand army unit stationed in Singapore under the five-power regional defence arrangements linking Australia, New Zealand, Britain, Malaysia and Singapore.

It is run by New Zealand but has several Australians on its staff. It feeds information to the US as well as the five partners.

Canberra sources will not confirm the report in last Thursday's 'Age' that the proposal for setting up a new organisation without New Zealand participation came from a high-ranking officer from the headquarters of the US Pacific Command in Hawaii.

But one Australian official described the approach as "not a formal request but something more in the nature of an exploratory feeler to gauge our reaction".

Another well-placed Canberra source said he did not think the proposal "ever had attaching to it any kind of high-level US, Australian or New Zealand impetus.

CSO: 4200/859

AUSTRALIA

NATION FACES RECESSION OR LOWER LIVING STANDARDS

Sydney THE AUSTRALIAN in English 18 Mar 85 p 3

[Article by David O'Reilly: "Living Standards Must Drop to Avoid Recession"]

[Text]

ONE solution to poor economic prospects is for Australians to accept a significant cut in their standard of living.

This suggestion was put to the Liberal MPs meeting in Thredbo by the director of a Melbourne-based firm, Ibis Investment Consultants, Mr Phil Ruthven.

Acknowledging the political storm the moves would prompt, he said major cuts in State and local government spending on education and the delivery of services had to be made.

The States could save up to \$2 billion a year with the introduction of a rotating roster of teachers handling two shifts of students a day which would allow enormous savings in real estate and equipment costs to be made by closing hundreds of schools.

Mr Ruthven said the deficit spending had now reached \$14

billion a year and this translated to a level of over-spending which represented \$3000 a year or \$60 a week for every Australian family.

He predicted that real interest rates would climb by another 4 per cent and unemployment would reach an all-time high of 14 per cent.

Mr Ruthven attacked the preoccupation with cuts solely in the federal deficit, stressing that major cuts would have to be made by State and local governments as well.

"If you subtract the federal, State and local government deficit spending from economic growth figures, we have had a negative rate of growth of minus 2.6 per cent every year for the past 11 years," Mr Ruthven said.

"We've been living on fiscal morphine for well over a decade. Deficits are like fiscal morphine -- used sparingly they are heart starters, or pain killers. But when you use deficit spending for so long and

so deep as we have then you're mainlining on fiscal morphine."

The nation's high debt build-up had now turned around to "bite" the nation with the recent devaluation of the dollar.

The interest bill servicing Australia's off-shore debts was far too high and would be exacerbated by downward movements in the dollar's value.

"We are fairly precariously poised in the remaining half of the decade, because if there are too many more shocks like the dollar devaluation, then we could easily tip into a recession much worse than 1982-83."

Mr Ruthven predicted that the current economic climate could endure such periodic shocks no later than April 1986.

"1986-87 will be tough years, in fact, downright nasty."

CSO: 4200/869

AUSTRALIA

DAILY ANALYZES UN HUMAN RIGHTS VOTE ON TIMOR

Sydney THE AUSTRALIAN in English 18 Mar 85 p 8

[Editorial: "Praise for Timor Vote"]

[Text] The Australian delegation to the United Nations Human Rights Commission has acted commendably in departing from past practice by voting for a review of alleged human rights abuses in East Timor.

As would have been expected, the change in Australia's voting pattern has displeased official circles in Jakarta. But whatever inconvenience Indonesia's annoyance might bring us is a price worth paying to regain our national self-respect.

There are not many countries with whom Australia has a greater need to have good relations than Indonesia. But sycophancy is not a firm foundation for friendship and it is a lopsided friendship which can be preserved only by our keeping silent when we ought to speak out.

Australia has the good luck to have an immunity from foreign attack not shared by most nations. We do not have the excuses open to those countries whose vital self-interest might justify their keeping quiet about human rights violations by States on whose good graces they depend.

But, although Australia has properly made its views known on events in South Africa, Chile and the Soviet bloc, it has been unusually reticent on Indonesia's obvious departures from civilised standards in its conduct towards East Timor. Even if Indonesia's rule over the former Portuguese colony were much more enlightened than it appears to be, its very occupation of the territory ought to be recognised as a serious breach of international law.

Its armed forces have imposed themselves on the Timorese people without their permitting any act of self-determination by East Timor's inhabitants. The Indonesian Government has claimed to incorporate the territory within its domain in the same manner as the European colonialists of the 18th and 19th centuries.

But the efforts made this week at the Human Rights Commission, as it happened unsuccessfully despite Australia's support, were not directed so much at



Indonesia's annexation but at its subsequent conduct. Although Jakarta has largely succeeded in drawing a veil over East Timor, the Catholic Church in East Timor and Amnesty International have not been silenced.

The Indonesian delegate to the Human Rights Commission, using the argument continually employed by his Government, described charges of torture and killings as "groundless." While he is correct in reminding us the amount of solid information about contemporary East Timor is indeed meagre, the responsibility for this lack of knowledge rests on the rigorous censorship imposed by the Indonesian authorities and their constant refusal to admit foreign journalists to the territory.

Nonetheless, the public admission by the Indonesian-appointed Governor that some 100,000 people, or more than one-seventh of its population, might have died in the fighting since the Indonesian invasion speaks for itself.

If Indonesia were to believe that its neighbours accept its conduct in this instance, it would feel free to act similarly in the future towards other peoples. If Australia turns its back on what is happening in its own neighbourhood, our complaints about breaches of human rights on the other side of the globe will have an inevitable flavour of humbug. Our vote last week at the Human Rights Commission should at least help us to avoid that accusation.

CSO: 4200/869

AUSTRALIA

PAPER'S WARNING ON FISHING DISPUTE WITH ISLANDS

Sydney THE SYDNEY MORNING HERALD in English 11 Mar 85 p 10

[Editorial: "ANZUS Ripples in the Pacific"]

[Text]

THE MOST OBVIOUS reason for Washington's opposition to New Zealand's anti-nuclear policy is its potential "demonstration effect" on Europe and Japan. But there are also some grounds for concern in the South Pacific, where New Zealand has long been a major power, even if Australia is a larger aid donor. This new dimension in the ANZUS crisis was raised last week when Papua New Guinea's Foreign Minister criticised what he called Washington's "insensitive" handling of two regional disputes, the fisheries dispute with the Solomon Islands and the New Zealand question.

This sudden outburst followed a meeting at which the Forum Fisheries Agency and US officials unsuccessfully tried to reach agreement on US rights to fish migratory species in South Pacific territorial waters. It is not yet clear whether Mr Giheno was speaking on his own or his Government's behalf, but he added that PNG might change its vote at the next South Pacific Forum meeting on the "nuclear-free

zone" proposed by Australia last year. (Mr Lange's more radical nuclear-free zone proposal was twice defeated last year, at the Tuvalu Forum meeting and at CHOGRM.)

The island States naturally regard the seas and their produce as their most precious material assets, and they fear that uncontrolled US fishing could quickly devastate these resources. The island States have all given assent to the Law of the Sea, but their exclusive economic zones are not recognised by the US. The dispute worsened last year when a US tuna ship was seized by the Government of the Solomon Islands, resulting in a US embargo. Despite the recent efforts of Sir Peter Kenilorea, Prime Minister of the Solomon Islands, the US has not lifted its embargo, and this fact is causing the island States to reconsider their collective attitude to the US.

The Pacific Forum island States are overwhelmingly pro-Western and have strong educational, communications,

political and trade links with Australia and New Zealand. They are unanimously hostile to French nuclear weapons tests and fear the prospect of Japan dumping nuclear waste in the Pacific, but they see the US as a positive Pacific power. They all value ANZUS as a military shield; only Vanuatu has banned nuclear-armed or nuclear-powered vessels from its waters. Fiji has especially strong military links with the Western alliance.

Mr Hayden and others have rightly warned that New Zealand's stand on nuclear ships could alter the military balance in the Pacific, inviting greater Soviet diplomatic and naval penetration of the region. In the past, Tonga and Vanuatu have

seemed to some observers to be trying to "play the Soviet card", and there are fears that this could happen now. But Mr Giheno's remarks suggest a more immediate danger. Given that the fisheries question is the major foreign policy problem facing the South Pacific island States, which act as a group to maximise their very limited clout, they may contemplate "playing the New Zealand card" at the next Forum meeting. It is hard to see what they could expect to gain from following Mr Lange's anti-nuclear example, but Washington and Canberra must ensure that the tuna dispute does not tempt the island States into a diplomatic pique which would only broaden the current breach in Pacific regional security arrangements.

CSO: 4200/841

AUSTRALIA

ARTICLE, CARTOON INDICATE MISGIVINGS ON HAYDEN MISSION

Cambodia Peace Efforts 'Undermined'

Melbourne THE AGE in English 18 Mar 85 p 13

[Article by Michael Richardson: "Hayden Visit Revives Misgivings"]

[Text]

**I**T has been obvious for several years that some of Australia's neighbors in the Association of South-East Asian Nations are unhappy about the Hawke Government's efforts to play the role of honest broker over the Kampuchea conflict.

Similar suspicions have been voiced — sometimes in public, but more often in private — about the way Australia's Foreign Minister, Mr Hayden has handled the sensitive and complex task of trying to find common ground on which to build a settlement of the dispute.

The most consistent criticism has come from Singapore and Thailand. Since the latter has a 700-kilometre border with Kampuchea and is Asean's "front-line" state, its views and wishes have played a large part in shaping the six-nation group's policy of resolute opposition to Vietnam's military occupation and its influence over Kampuchea's affairs.

Singapore, Thailand and, at times, other Asean members have expressed concern that in his desire for a political settlement of the Kampuchean conflict, Mr Hayden has been inclined follow a course that would eventually legitimise the new order in Kampuchea since the Vietnamese-led invasion in December 1978.

Those misgivings were rekindled by Mr Hayden's recent four-day visit to Vietnam — taking place as it did just as Vietnamese forces barged into Thailand to encircle the last major guerrilla resistance base on the Kampuchean side of the frontier.

Mr Hayden was seriously embarrassed and his peacemaking efforts — which the Prime Minister, Mr Hawke, asked him to pursue two years ago — undermined. He is now criticised in Australia for being naive and undercutting Asean's position.

Two days before he flew to Hanoi via Laos, Mr Hayden's trip was welcomed by Malaysia's Prime Minister, Dr Mahathir. Malaysia asked Mr Hayden to try to get clarification and explanations about Indochinese proposals for a political settlement of the problem.

A few days after he came back with some of those answers, Indonesia's Foreign Minister, Dr Mochtar, said Mr Hayden's Vietnam visit had aroused high hopes and he did not doubt the Australian Minister's sincerity.

But Mr Hayden's credibility had been affected by several developments and Australia would have to restore the confidence of some of its neighbors.

One of these developments was his meeting with Mr Hun Sen, Prime Minister of the Vietnam-supported administration in Kampuchea, which Asean refuses to recognise on the ground that it was put in power and is kept there by Vietnamese forces.

Asean recognises the coalition government that occupies Kampuchea's seat in the United Nations. The coalition is made up of the ousted Khmer Rouge regime and two non-communist groups — one headed by Prince Norodom Sihanouk, the other by Mr Son Sann.

Australia recognises no government in Kampuchea and Mr Hayden justifies his meeting

with Mr Hun Sen by pointing out that it was held on the same basis as his earlier talks with Prince Sihanouk and Mr Son Sann — privately and unofficially.

A second "unfortunate thing", according to Dr Mochtar, was that Mr Hayden "had to retract his statement on Vietnam's invasion of Thailand".

While he was in Vietnam, Mr Hayden received no official Australian intelligence assessment of the fighting along the Thai-Kampuchean border and so had no confirmation that Vietnamese forces had crossed into Thailand.

Using sketchy information available to him when he left Bangkok for Hanoi on 6 March and media despatches while he was in Vietnam, he raised the reports of a Vietnamese incursion into Thailand with both Vietnam's Foreign Minister, Mr Thach, and the Prime Minister, Mr Dong. They dismissed the allegations as slander.

In the meeting with Mr Dong on 9 March, Mr Hayden said his visit to Vietnam had been "very important and productive". He indicated that the proposals and clarifications from Mr Thach and Mr Hun Sen would open up promising possibilities for moves towards a negotiated settlement.

However, he was careful at that meeting, and on other occasions, not to endorse the proposals. He pointed out that he did not know how they would be received by Asean.

When Mr Hayden arrived in Bangkok, Thailand's Foreign Minister, Air Chief Marshal Sithi, refused even to consider the proposals because of Vietnam's "premeditated violation of our territory".

He said he told Mr Hayden in strong terms that the Vietnamese had lied to him. The Australian Embassy in Bangkok also told Mr Hayden that Vietnamese forces were inside Thailand.

In what seemed to be an about-face, Mr Hayden then blamed Vietnam's action for undermining Kampuchean peace prospects, said Vietnamese leaders had "not been honest in the account they gave to me" and sent a protest to Hanoi.

Both Air Chief Marshal Sithi and Singapore's Foreign Minister, Mr Dhanabalan, were careful not to criticise Mr Hayden's visit, its timing or his meeting with Mr Hun Sen.

After being briefed by Mr Hayden, Air Chief Marshal Sithi said: "I fully understand what's going on ... his approach and his intention".

Was Mr Hayden being naive? "No. He's just trying his best. He acts out of his sincerity and honesty". But sometimes "the other guy is not honest. That's the trouble."

In Singapore, after their meeting, Mr Dhanabalan was asked whether Mr Hayden was too trusting of the Vietnamese. "I wouldn't say that. He didn't give me that impression. He has a fairly objective view".

On differences between Singapore and Australia over Kampuchea, Mr Dhanabalan said, "We noted each other's perceptions of the problem. We didn't get ourselves involved in an

exchange of differences".

Both Air Chief Marshal Sithi and Mr Dhanabalan said they saw nothing new in the proposals Mr Hayden had brought from Indochina. Nor did they see any readiness on the part of Vietnam and Kampuchea to negotiate seriously on an internationally acceptable settlement of the problem.

Both Thailand and Singapore are privately pleased that Mr Hayden had the rug pulled from under his feet in such embarrassing fashion while he was in Vietnam.

It forced him to react with a sharp condemnation of Vietnamese use of force and prompted him to reaffirm that the principles for a Kampuchean settlement endorsed by both Australia and Asean were similar. In an interview with 'The Age' in Singapore shortly before he flew home, Mr Hayden said he did not see how there could be any circumstances under which the Labor Government would recognise the Vietnam-supported administration in Phnom Penh before there was an internationally acceptable settlement of the Kampuchean conflict.

Thailand and Singapore — reflecting a no-compromise, no-appeasement stand on Kampuchea — also feel that the proposals brought back from Vietnam by Mr Hayden clearly reveal the intransigent position of their opponents for all the world to see.

The proposals brought back by Mr Hayden call for an end to armed resistance to the Vietnam-backed administration in Phnom Penh and effective recognition of its legitimacy.

Mr Hun Sen's Government and Vietnam are proposing a fig-leaf formula that offers a token act of self-determination for Kampuchea through nation elections which they would organise and control.

There would be limited participation for non-communists and possibly some ex-khmer rouge members in a communist-run Kampuchea that would retain very close ties to Vietnam.

It is ironic that there are some influential elements in the Indonesian Government who go further than Mr Hayden and say that sooner or later the reality of Vietnamese dominance in Kampuchea, and, therefore, throughout Indochina, must and should be recognised by Asean because it will provide the best shield against Chinese penetration of the region.

But Dr Mochtar, who flew to Hanoi on Thursday, has let it be known in the past that he feels Australia is interfering in a dispute which should best be handled by regional countries, such as Indonesia, which, he feels, has a special relationship with Vietnam.

Mr Hayden rejects this narrow definition, arguing that Australia is affected by events in South-East Asia and has a right to try to influence them.

In an obvious reference to the Kampuchea conflict developing into something bigger, he says the "consequences of developments going in certain extreme directions might very well draw us into some sort of vortex. We have a national responsibility."

Melbourne THE AGE in English 20 Mar 85 p 13

[Cartoon]



CSO: 4200/869

AUSTRALIA

HAWKE VICTORY ON UNION REENTRY BROADENS HOME BASE

Sydney THE AUSTRALIAN in English 19 Mar 85 pp 1, 2

[Article by Paul Ellercamp]

[Text] The Prime Minister, Mr Hawke, scored a major victory within the ALP national executive yesterday, forcing the affiliation of four key right-wing trade unions to the party's Victorian branch.

The decision will ultimately mean a realignment of power within the Victorian ALP, which has always been troublesome to Mr Hawke, and the establishment of a solid rightwing base for the Prime Minister in his home State.

But the decision by the national executive may meet with a legal challenge from the Victorian ALP which is dominated by the Socialist Left.

The Victorian administrative committee meets on Friday to consider its reaction to yesterday's move by the executive.

The president of the Victorian ALP and Socialist Left leader, Mr George Crawford, said last night: "Those people and the unions are not welcome in Victoria. The rank and file have made that perfectly clear.

"The national executive is hell-bent on imposing those unions on Victoria.

"This would fill many of our members with disgust, and no doubt there will be trouble about it."

Earlier Victorian decisions on the matter have canvassed the possibility of legal action to prevent the union affiliation, as well as an appeal to the next national conference of the party due in July 1986.

The national executive took three decisions yesterday which had the effect of forcing the right-wing trade unions into the party, effectively ending the split of 1955 which left the Victorian ALP shattered and without a significant right-wing force.

The first decision was to over-ride the Victorian branch's decision to bar the admission of three of the unions from affiliation, pending the outcome of the appeal to the national conference.

The national executive decided last September that the three unions should be allowed in. They are the Shop Distributors and Allied Employees Association (SDA), the Federated Ironworkers Association (FIA) and the Amalgamated Society of Carpenters and Joiners (ASC & J).

The second decision yesterday forces the affiliation of the fourth, and by far the most controversial union, the Federated Clerks Union, as from yesterday.

The third decision was to approve provisional membership of the ALP to 13 officials of the four unions, which had earlier been rejected by the Victorian branch.

The decision also establishes an executive sub-committee to consider each of the applications to decide whether to confirm the membership.

Another application was rejected yesterday on the basis of evidence of links between the applicants, union official Ms Marie Cashman, with the Women's Action Alliance, an organisation proscribed to ALP members.

Forces opposing the readmission of the four unions argue that they have linked with the Catholic-based National Civic Council and the Democratic Labor Party which campaigned actively against the ALP in the period after the split.

At yesterday's national executive meeting, the Left, led by the ALP's Victorian State secretary, Mr Peter Batchelor, and an executive delegate, Mr Ray Hogan, argued firmly that the unions had not demonstrated strong enough support for the party and that their admission would be too disruptive in Victoria, where many wounds from the days of the split had not yet healed.

Yesterday's decisions were approved by margins of 10-8 in the case of the affiliation of the four unions, and 11-7 in the case of the individual membership applications.

This means the executive split along factional lines, with the Right and Centre Left siding with Mr Hawke--who has been personally involved in a move to bring the unions back into the party--and with the Left standing by itself.

In the 11-7 vote, the Northern Territory's left-wing delegate, Ms Denise Finchman, switched her support to the Centre-Right.

The admission of the four unions will have an almost immediate effect, with the next State conference of the Victorian ALP due in two weeks' time.



The first three unions, the SDA, the FIA and the ASC & J will get full voting entitlements at the conference, but the FCU, whose affiliation dates only from yesterday, will get only three votes, with its full entitlement accruing in time for the national conference in June 1986.

Party officials could not be precise about the effect of the new right-wing numbers on the Victorian State Conference. Earlier, some left-wing sources had estimated that the four unions would eventually be entitled to about 60 votes amongst them, but the complicated structure of the conference would still give the Right a net gain of only about 15 delegates out of 270.

This is because the new right-wing numbers will have to be taken from existing union delegations.

For example, the new right-wing forces will take away three votes from the left-wing Amalgamated Metals, Foundry and Shipwrights Union, but two votes will be from the Storemen and Packers Union, which supports Mr Hawke.

Left-wing sources believed last night that the affiliation of the four unions would still not give the Centre Right Control of the Victorian ALP but would, at best, lift them to a strength equivalent to that of the Socialist Left.

They said the balance of power would continue to be exercised by the tiny Independent faction and by a loose group of non-aligned conference delegates who amount to less than 10 percent of the conference.

They said one reason for this was that the Centre Right forces, based in Mr Hawke's Labor Unity faction, had lost support within the branch precisely because of the move to bring back the right-wing unions.

The Victorian branch of the ALP was hardest hit by the split, which left it without a significant right-wing element.

In NSW the split's effect was not as great, and the Right remained in control of the party.

The ALP's national secretary, Mr Bob McMullan, said yesterday's debate in the executive was "not heated."

"The debate was pretty firm," he said, "But there was no vindictiveness, no chaffing."

The admission of the Clerks Union is perhaps the most controversial since the FCU's former link with the NCC and the DLP were demonstrably strongest.

Much of the feeling against the clerks also centred on its union officials, especially its national president, Mr John Maynes.

The FCU presented a report to the executive yesterday outlining support it had given the ALP since the executive decision last September to defer affiliation application.

CSO: 4200/869

AUSTRALIA

HAYDEN CITES 'CONFIDENTIAL DETAILS' IN CAMBODIA PEACE EFFORT

Sydney THE AUSTRALIAN in English 20 Mar 85 p 2

[Article by Paul Eller camp]

[Text]

THE Minister for Foreign Affairs, Mr Hayden, claimed yesterday to have further confidential details from Vietnam and the Soviet Union which breathed fresh hope into the search for a settlement of the conflict in Kampuchea.

In Parliament, Mr Hayden said the Vietnamese Minister for Foreign Affairs, Mr Thach, and the Soviet Deputy Minister for Foreign Affairs, Professor Karpitsa, both conveyed certain information to him during the past couple of weeks which supported the continuation of his peace efforts.

Defending his recent troubled visits to Vietnam, Mr Hayden said: "We would be very foolish indeed to think there was nowhere for this issue to go, that there was nothing for Australia to contribute.

"There may not be much, but there is potentially a prospect that something might be done."

Mr Hayden defended his position, rejecting an Opposition censure motion of his handling of the Kampuchea issue. Mr Hayden's speech was noted for its measured tone, its detailed rebuttal of the charges against him, and eschewed almost completely the traditional political rhetoric.

His performance contrasted with a lacklustre display by the Leader of the Opposition, Mr Peacock, who used a scatter-gun approach to cover a

series of foreign issues from ANZUS and the MX missiles, through Kampuchea, Australia-ASEAN relations and Australia's presence in the Sinai peace-keeping force.

The censure was lost along party lines, 77-63.

The Prime Minister, Mr Hawke, strongly defended Mr Hayden, presenting the Kampuchea efforts as a joint initiative of his and Mr Hayden's.

Mr Hayden gave a detailed defence of his handling of the Indo-China visit, which was written off widely as a failure after confirmation of a simultaneous Vietnamese incursion into Thailand.

Responding to Opposition charges that he had alienated the ASEAN States by botching the peace effort, Mr Hayden cited reports from Australian missions in Bangkok and Kuala Lumpur saying that both the Thai and the Malaysian governments regarded the visit as producing positive results.

Rejecting suggestions that Australia's peace initiative had failed, he said he had obtained confidential information from Vietnam and the Soviet Union further to that released during his Indo-China visit, which supported continuing the initiative.

Mr Hayden said he was bound to confidentiality, but suggested more positive information had been provided. He could not reveal what Mr

Thach had said to him in 45 minutes of private conversation, or "four major points (from Mr Thach) on a highly classified document over in the Foreign Affairs Department".

As he has during the past two years of involvement in the issue, Mr Hayden stressed the "modesty" of Australia's role, saying he did not want to exaggerate its potential.

Contrary to a public perception that the ASEAN States had been alienated by the visit, especially by his meeting with the Prime Minister of Kampuchea, Mr Sen, Mr Hayden said responses from four of the six ASEAN States had been supportive. None had criticised his mission.

A report from the Australian embassy in Bangkok has said the information Mr Hayden brought out of Indo-China "improved (the Thais') understanding" of the Vietnamese and Kampuchean position, while a report from Kuala Lumpur said the Malaysians regarded the information as clarifying the situation and giving a clearer picture of what the Vietnamese and the Kampuchians wanted.

Answering the criticism that he had been naive in believing Vietnamese assurances that their troops had not intruded into Thailand, Mr Hayden said

the public record would show that at no time had he said he accepted their assurances.

In fact he had strongly condemned the incursion into Thailand on a number of occasions.

### Concerned

"I did not resort to what has been attributed to me. A series of indictments have been levelled against me which the public record shows cannot be justified in any way at all.

Mr Hayden said it was true that while he was in Vietnam, Vietnamese troops were in Thailand.

"Frankly, I would have gone in any case," he said.

"I find it an extraordinary proposition that I shouldn't seek to parley for peace in Vietnam because there's a war on.

"It just happens to be the war that I'm concerned about."

Attacking Mr Hayden's initiative in Indo-China, Mr Peacock said: "We have just seen the Foreign Minister practising Fourex diplomacy and ending up like a bull in an Indo-China shop."

He said the Government should be censured for inflicting on Australia a further series of unprecedented national security debacles.

AUSTRALIA

DAILY VIEWS DECLINE OF MINING, RURAL INDUSTRIES

Sydney THE AUSTRALIAN in English 20 Mar 85 p 8

[Editorial: "Halting the Slide"]

[Text]

AUSTRALIA faces a very bleak future unless politicians and the public start to take notice of the warnings being sounded by sections of the mining and rural industries. We are no longer able to ensure that everyone gets a free ride on the back of our two biggest export earners.

Australia relies for its wealth on a rural population that is growing wheat and wool on the ground or digging minerals beneath it. But less than 8 per cent of our workforce is now employed in these sectors. Our manufacturing industries offer scant support as they have degenerated into little more than import replacement shops because of uncompetitive prices brought on by staggeringly high labour costs and government charges.

The warning to Australia was raised by the chairman of CRA, Sir Roderick Carnegie, at the National Agricultural Outlook conference in Canberra last month. Sir Roderick pointed out that our international competitiveness was weak because fewer and fewer Australians were directly engaged in competition with the rest of the world in their daily

employment. He said competitiveness had low priority in the daily lives of most Australians because they were engaged in political activity to increase their own incomes with little regard for the impact on the community as a whole.

Sir Roderick's stance is reinforced by figures that show the percentage of rural seats in Federal Parliament has fallen from 43.9 in 1948 to the present 37.8 per cent. The people who produce our wealth, that rural 8 per cent, are getting less and less political representation as rural electorates become bigger and country MPs fewer with every electoral redistribution. They now have little or no voice in the corridors of power as they lack a political constituency.

Our cities have been wealthy for so long the residents have forgotten where that wealth comes from. City residents blithely ignore the lines of coal and grain ships anchored off our ports during various strikes — as country people wonder how to fight the apathy they find there.

On Monday the managing director of MIM Holdings, Mr Bruce Watson, warned that our living standards would fall dramatically within the next decade because of our poor economic performance. He said we had been lucky to be carried along by the rapid economic growth of Japan and Asia since World War II, but that we were now living beyond our means.

Mr Watson called for a greater unity between agricultural and mining industries, which he pointed out generate 80 per cent of export earnings, to help restore economic growth. It is an alliance that is desperately needed by all Australia.

Together these two rural sectors would form a pressure group that no government, either State or federal, could afford to ignore. Their problems are basically the same, and their aims coincide. They must combine to educate non-rural Australia - from the city unionists to the Canberra politicians - that we depend on them and must support their industries in every way if we wish to avoid the slide to being a Third World country.

CSO: 4200/869

AUSTRALIA

1984 ALUMINIUM EXPORTS MORE THAN DOUBLED

Sydney THE SYDNEY MORNING HERALD in English 12 Mar 85 p 6

[Article by J.N. Pierce, Energy and Resources Writer: "Big Jump in Aluminium Exports"]

[Text]

Exports of aluminium ingot exploded from 215,800 tonnes to 477,300 tonnes in 1984 as the survivors of the nation's ambitious push into a second generation of aluminium smelters made their first significant assault on world markets.

But taking the edge off the achievement, the exports had to compete on a market suffering from too much capacity and too little demand.

Statistics from the Aluminium Development Council's executive director, Mr Charles Kneipp, show primary aluminium output by Australia's five smelters rose by 59 per cent last year from 475,000 tonnes to a record 757,700 tonnes at a time when domestic consumption revived by 9.7 per cent from 235,700 tonnes to 258,500 tonnes (see graph).

This meant that nearly all the extra production was channelled into exports, lifting them substantially above domestic consumption for the first time in the local aluminium industry's 30-year history.

If our smelters are not forced to follow the US by shutting down potlines, output this year could exceed the present rated annual capacity of 809,000 tonnes and exports could expand further to well over 500,000 tonnes.

Dominating factor in the 1984 jump in production and exports was the mid-year commissioning of their second potlines by the two second generation smelters, Tomago and Boyne Island. The smelters lifted output by more than 240,000 tonnes to account for a significant part of the 1.6 million-tonne increase to 12.4 million tonnes in 1984

Western world production as reported by the International Primary Aluminium Association.

The Tomago smelter, owned by Pechiney, CSR, AMP and others, first came on stream during 1983 when it produced 11,450 tonnes of primary metal. In 1984, production was lifted spectacularly to 168,116 tonnes as the second potline of 115,000 tonnes was commissioned and the smelter now operates at full capacity of around 230,000 tonnes.

In central Queensland, the Boyne smelter brought its second potline fully on stream in the middle of last year, to lift output from around 99,000 tonnes to 185,500 tonnes after capacity was lifted to 206,000 tonnes. The smelter, owned by Comalco, Kaiser and a group of Japanese companies, produced its first metal early in 1982.

Against the sharp production gains by the two second generation smelters, only minor changes occurred in output by the three older, first generation smelters. Compared with its rated capacity of 117,000 tonnes a year, Comalco's wholly-owned Bell Bay smelter in Tasmania lifted its 1984 output marginally from 118,772 tonnes to 119,934 tonnes.

Alcoa of Australia's Point Henry (Victoria) smelter, with a rated annual capacity of 165,000 tonnes, was stated to have "operated at capacity" in 1984 but is believed to have produced something like 170,000 tonnes.

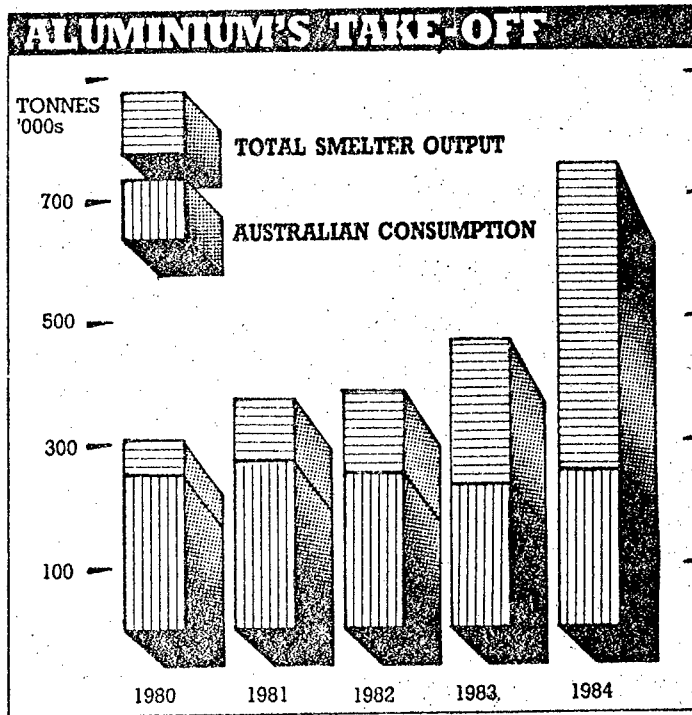
Similarly, Alcan Australia's Kurri Kurri smelter in the Hunter Valley was reported last week to have held its operating rate "to the full rated capacity of 90,000 tonnes throughout

1984" but unofficial estimates put actual output at around 93,000 tonnes.

Aluminium opened the 1984 year on the London Metal Exchange at 1,103.25 pounds, reached a high of 1,122.25 pounds on January 6, a low of 781.5 pounds on September 9 and ended the year at 899.75 pounds. It is now around 1,028 pounds.

Record exports of 477,300 tonnes of ingot aluminium averaged around \$1,570 a tonne to give an income of \$749 million. Also, exports of 58,700 tonnes of semi-fabricated aluminium were sold at an average of around \$2,500 a tonne, yielding \$147 million.

The total of \$896 million was nearly double the previous year's \$464 million.



CSO: 4200/841

AUSTRALIA

FRG PROTESTS ALLEGATIONS ON URANIUM TRANSFER TO FRANCE

Sydney THE SYDNEY MORNING HERALD in English 20 Mar 85 p 3

[Article by Michael Lawrence]

[Text]

CANBERRA: The West German Government has complained about allegations by the Minister for Trade, Mr Dawkins, that a West German uranium group attempted to break a major contract by selling Australian uranium to France.

Mr Dawkins, following the uproar over his claims, called in West German officials to discuss the situation. But the Minister denied that he pressured officials to act against the company.

The Opposition alleged yesterday that Mr Dawkins had taken the "extraordinary step" of asking West Germany to stop the shipment.

The complaint by the West German Ambassador, Mr Wilhelm Fabricius, followed Mr Dawkins' claim last month that Urangesellschaft (UG), in a ploy to escape from its \$385-million contract with the Australian uranium miner, ERA, organised the sale of 100 short tons of uranium to Enership, a French trading company. (A short ton is equal to 2,000 pounds.)

Mr Dawkins approved the sale, saying that UG was hoping the Government would ban the shipment, giving the company an avenue through which it could withdraw from the contract. Despite the ALP policy not to supply uranium to France, his decision was endorsed by Caucus as Mr Dawkins said the uranium would not be used in France.

UG has consistently denied the allegations and has said that even if the shipment was banned, the

company would not be able to withdraw from its commitment to buy uranium from ERA. UG has revealed that the sale to Enership was only the first of a medium-term contract to supply "several hundred" short tons of uranium to the French trading company.

The company also claimed that the Australian Government attempted to pressure the West German Government to block the shipment.

The West German Ambassador complained about Mr Dawkins' remarks to the Prime Minister, Mr Hawke, and the Foreign Minister, Mr Hayden, at an official function last month.

A spokesman for Mr Dawkins said yesterday it was "quite untrue" that the Minister asked the West German Government to step in to stop the shipment.

The Minister knew of only the one planned shipment — the one for which it had received an export application. Any further applications would have to be studied on a case-by-case basis.

The spokesman said Mr Dawkins stood by his earlier remarks that the sale to Enership was a device designed by UG to extricate itself from the contract with ERA.

The Opposition spokesman on trade, Mr McVeigh, said the incident would never have occurred if the ministers involved had not tried to hide from the left-wing that the uranium policy was "not worth the paper it's written on."



AUSTRALIA

## CANBERRA BAILS WEST AUSTRALIA OUT OF GAS IMPASS

Melbourne THE AGE in English 12 Mar 85 p 29

[Article by Peter Gill]

[Text]

CANBERRA. — The Federal Government is to waive more than \$100 million in North-West Shelf royalties to bail the WA Government out of its financial over-exposure to the domestic phase of the massive gas project.

The Federal Government will pay its \$117.1 million share of royalties to the WA Government which, with its own royalty share of \$234 million now committed to gas purchases, will ease the burden imposed by the "take or pay" contract which is grossly out of line with domestic consumption forecasts.

A deal, clinched in Melbourne on Sunday, also involves the NW Shelf joint venturers taking a lower gas price for a portion of the domestic gas supplied.

The agreement was last night being promoted as ensuring the successful go-ahead of the liquified natural gas stage of the project, having removed the chance of a WA Government default on its contractual commitments and the threat such a default would pose to present negotiations by Woodside Petroleum to get its \$2000 million financing in place for the second stage.

The Federal Government stepped in after the WA Government (through the State Electricity Commission of WA) and the joint venturers could not agree on a re-pricing of the domestic gas and relations between the two parties became strained. One venture partner last night acknowledged the role played by the Minister for Resources and Energy, Senator Evans.

Senator Evans said yesterday the over-optimistic projections for gas demand when Sir Charles Court signed the domestic gas contract in the late 1970s meant that SECWA "would have incurred major payment obligations for gas that could not be used, and this would have placed huge budgetary strains on the WA Government".

"Equally, it was clear the basic principle of the take or pay contract had to be honored and a sufficient cash flow ensured to the joint venturers to enable the financing of the export phase of the project," Senator Evans said.

A key to SECWA's over-commitment — it is contracted to take a minimum of 10.3 million cubic metres a day — was the initial expectations that significant resource projects, principally iron ore processing, would be estab-

lished in the Pilbara region of WA and would use NW Shelf gas.

The joint venturers — Woodside, BHP, BP, Shell, California Asiatic Oil Co., Mitsubishi and Mitsui — have agreed under the deal announced yesterday to buy back from SECWA a major portion of the gas shortfall relating to the Pilbara after 1993. The joint venturers will convert the gas to LNG and increase existing exports planned from 1989.

While few details were provided yesterday, it would appear the shortfall on supply to the Pilbara is in the order of 300,000 million cubic feet, as the Federal Government has endorsed an increase in the allowable exports of LNG from 6700 billion cubic feet to 7000 billion cubic feet.

While the Federal Government has foregone \$117 million over the 25-year life of the domestic stage of the project, its coffers will still be handsomely replenished through royalties from the LNG stage, and income, indirect and withholding taxes over both stages of the project.

A recent survey by New Zealand economic consultants, Brown Copeland and Co, suggested taxes over the domestic stage of \$2650 million and royalties plus taxes of \$5665 million over the LNG stage.

CSO: 4200/841

AUSTRALIA

COLUMNIST COMPARES USSR INFLUENCE IN NEW ZEALAND, AUSTRALIA

Sydney THE AUSTRALIAN in English 12 Mar 85 p 9

[Commentary by B.A. Santamaria: "Soviet Union Close To Repeating New Zealand Labour Coup Here"]

[Text] Mr Hawke's statement that he would not be Prime Minister of Australia if the central elements of the US alliance--such as port access for nuclear ships and the hosting of joint facilities with the US--were repudiated, if seriously meant, was more significant than any other he has made in recent times.

The sentiment he expressed is supported by 75 percent of Australians. Yet if one thing is clear, it is that the choice for or against ANZUS will not be presented clearly as such either to Mr Hawke or to Australians. The Left will force an apparently peripheral issue (the nuclear ships and MX missiles spring to mind), the choice will be made on such an apparently trivial issue, and the whole edifice of ANZUS may come tumbling down, as it has done to the dismay of New Zealanders.

Mr Lange was returned in an election which took place on July 14, 1984. On July 15, exulting over the consequence of his victory, Radio Moscow's domestic service expressed the Soviets' appreciation of what was actually happening in the South Pacific:

"...Implementation of New Zealand Labour's election pledges," said Radio Moscow, "might set off a chain reaction leading to the collapse of the ANZUS block. The example of New Zealand might also be followed by Australia."

Radio Moscow was far better informed on what was happening in New Zealand than the media in that country or in Australia.

"The importance of ANZUS to the USSR needs to be clearly understood," stated Mr Paul Dibb, chosen by the Hawke Government to advise it on defence policy, and far from being a cold warrior. "Unlike NATO, ANZUS does not directly threaten the national security of the Soviet homeland with military attack. But the roles of North West Cape, Pine Gap and Nurrungar suggest that it is in the Soviet Union's interests to see them removed from Australia through political pressure.

"Moreover, Moscow would like to see the US prevented from using port and air facilities in the region for its naval warships and military aircraft."

What had changed within New Zealand Labour over the past 10 years?

The catalyst of change in New Zealand was the establishment of the pro-Soviet Socialist Unity Party of New Zealand in October 1966. This followed the split between pro-Soviet and Peking-line communists within the New Zealand Communist Party. In 1980, the Soviet ambassador, Sofinsky, who had been a senior KGB officer in London, was expelled from New Zealand when caught red-handed passing over money to the SUP.

The SUP's influence over New Zealand Labour has grown rapidly since the mid-1970s when when G.H. Andersen, president of that party and secretary of the Northern Drivers' Union, was elected president of the Auckland District Trades Hall.

A short time later, K.G. Douglas, secretary of the Wellington Drivers' Union, became the first pro-Moscow communist elected to the executive of the New Zealand Federation of Labour, the equivalent of the ACTU.

Douglas was later elected to the key post of secretary of the federation, the equivalent to Mr Kelty's position in Australia.

In the meantime, the SUP consolidated its influence in a number of railway, meatworks and construction unions.

The New Zealand Federation of Labour thereupon became affiliated to the Soviet-led World Federation of Trade Unions, which is as much an agency of the KGB as is the so-called World Peace Council.

The growing SUP influence in New Zealand unions led to communist leaders sitting on the Joint Council of Labour, a body which includes leaders of the political and industrial wings of the labour movement in New Zealand, and therefore of the Labour Party. In May 1982, by an overwhelming majority--363 votes to 128--the New Zealand Federation of Labour defeated a resolution to break the organisation's links with the World Federation of Trade Unions.

To drive home the communist victory, the New Zealand Labour Party, at almost the same time, carried a resolution to withdraw from the ANZUS alliance. Mr Lange was then only deputy leader of the Labour Party; yet as Prime Minister he claims to support ANZUS, while he knows very well that his party's policy is to withdraw.

The progressive deterioration of the New Zealand Labour Party into a condition of de facto Soviet control provides the central reason why the Lange Government has pursued its present policy.

Precisely the same developments--to the second-last stage--have taken place in Australia, but over a longer period.

Today the Left extremists control 44 votes out of 99 at a federal conference of the ALP. They are within six votes of an absolute majority, and in a sufficiently strong position to weaken a Labor Prime Minister's policy of maintaining the American alliance.

The development began 30 years ago with the destruction of the ALP industrial groups at the Hobart Federal Conference in March 1955.

In 1953, the ALP industrial groups were the dominant influence in the party. Apart from a strongly anti-communist union policy, they consolidated the ALP's support for the American alliance, while equally strongly urging a policy of defence self-reliance for Australia. If the industrial groups' victory in 1953 had been permitted to consolidate itself, Australia would not find itself in its present predicament.

Those who shared the responsibility for the destruction of the industrial groups--and they were not only communist union leaders--must accept responsibility for the present situation in the ALP.

Once the accustomed patterns of strategic stability begin unwinding, the consequences are apparently endless.

One of the results of Mr Hayden's relative solicitude for New Zealand is his first open admission that the problem of Soviet penetration is threatening to develop in the nearby Pacific Islands.

"The Soviet Union and some of its allies, including Libya, were trying to penetrate the South Pacific," said Mr Hayden. The Soviets, he added, were negotiating a fishing agreement with Kiribati. "On the basis of the way in which the Soviet Union conducts fishing operations in various parts of the world, one could anticipate a level of activity that undoubtedly will go beyond that which exclusively, and one would think properly, belong to fishing," he said.

"Australia has evidence that Libya had tried to become involved in New Caledonia where pro- and anti-independence forces were in conflict."

The emergence of this new Soviet problem so close to Australian shores has thus been confirmed, not by a right-wing fascist reactionary, but by as impeccable an authority as the leader of the centre-left himself. That the development of Soviet influence in these islands will be checked by a New Zealand Labour Government which has shown itself to be dominated by the pro-Soviet Left would seem improbable.

The main agency of penetration in the Pacific Islands is the so-called Pacific Trade Union Forum which is becoming the pivot of "armed struggle" in New Caledonia.

In 1978 Prague congress of the World Federation of Trade Unions decided on a major push in Oceania. It was attended by the well-known Australian communist union officials Messrs Clancy (BWIU) and Halfpenny (AMWU)--the latter having gained a belated acceptability by leaving the Communist Party

of Australia and joining the ALP. Mr Halfpenny, who served his apprenticeship at one of the party's higher schools in the Soviet Union in the early sixties, is now the effective leader of the PTUF (see Australian Media Reports, October 1984).

In view of what Mr Hayden regards as the increasing Soviet influence in the Pacific Islands, no organisations are better equipped than the ALP and the ACTU to negative the entire operation.

It would be a brave man, therefore, who would confidently predict that an aroused Australian public opinion will prevent Australian Labor following in New Zealand Labour's steps and thus fulfilling Radio Moscow's prediction of July 15, 1984.

CSO: 4200/841

INDONESIA

COMMENTARY VIEWS SIHANOUK'S LEAVE REQUEST

BK250456 Jakarta Domestic Service in Indonesian 1200 GMT 24 Apr 85

[Unattributed commentary]

[Text] Western observers in Beijing believe that Sihanouk's request for a leave--not a letter of resignation--is rather different from the CGDK president's past attitude. As is known, Sihanouk has on several occasions asked to resign or threatened to resign. But, this time he is not asking to resign. Instead, he is only requesting a 1-year leave. It is known that his past requests or threats to resign as CGDK president were motivated by a lack of cohesiveness within the Cambodian coalition he is leading. It is public knowledge that the Cambodian coalition is not totally cohesive. However, the Cambodian coalition has never suffered from disunity as expected by Vietnam.

The formation of the Cambodian coalition with ASEAN's assistance related to the PRC's analysis during the early days of the Vietnamese military presence in Cambodia that the Khmer Rouge alone could not resist the Vietnamese troops occupying Cambodia. The PRC believed that a Cambodian coalition should be formed to resist the Vietnamese. Conversely, Vietnam automatically wants to see the coalition's disintegration. Vietnamese Foreign Minister Nguyen Co Thach once predicted that the Cambodian coalition would not be able to survive for more than 1 year. His prediction has, however, turned out to be wrong.

Vietnam's latest dry-season offensive showed that it wants to break up the unity within the Cambodian coalition. First, Vietnam only attacked camps belonging to the Son Sann-led Khmer People's National Liberation Front to demonstrate that the other factions of the coalition would not help Son Sann. Afterwards, it attacked Khmer Rouge camps while simultaneously urging Sihanouk to agree on a Cambodia without the Khmer Rouge, an act that would amount to the dissolution of the Cambodian coalition. It was not until Sihanouk refused that Vietnam assaulted his camps. The Vietnamese action has, in fact, strengthened the Cambodian coalition's cohesiveness.

Nevertheless, Western observers in Beijing consider Sihanouk's leave request an indication of his disappointment with the Khmer Rouge during the latest Vietnamese offensive. Simultaneously, his request may lead to a stronger cohesiveness within the Cambodian coalition.

CSO: 4213/211

INDONESIA

# FRETILIN RECEPTIVE TO DIPLOMATIC SOLUTION

Luanda JORNAL DE ANGOLA in Portuguese 24 Feb 85 p 1

[Report on interview with Abilio Araujo by ANGOLAN NEWS AGENCY in Luanda; date not given]

[Text] "FRETILIN [Revolutionary Front for Independent East Timor] is pleased to acknowledge the unquestioned support of the 'Five' for the courageous struggle of the Mauber people as expressed in the closing statement of the latest summit meeting in Sao Tome," said Abilio Araujo, member of the Central Committee and head of the FRETILIN delegation abroad.

In an interview held with the Angolan News Agency in Luanda through which he was passing while en route from the Democratic Republic of Sao Tome e Principe where, as head of a Mauber delegation, he had participated in the work of the latest meeting of the heads of state of the countries where Portuguese is the official language, Abilio Araujo went on to say: "This final statement can be considered, both qualitatively and quantitatively, as the most advanced proposal made in recent years in that, besides reaffirming their support, the 'Five' are expressing their approval of the efforts of the UN secretary general and demanding that the Portuguese state proceed immediately to hold a dialogue with FRETILIN."

The Mauber leader then referred to the matter in the following terms: "We consider this to be the most burning issue in the present phase of our struggle. On the one hand, just recently Indonesia acknowledged through its number two official, General Murdani, that there is no possibility of a military solution in East Timor.

"On the other hand, FRETILIN has always expressed its willingness to negotiate a solution to the East Timor problem which has been dragging on for 10 years.

"For this reason and inasmuch as we know that Portugal and Indonesia are carrying on negotiations behind the Mauber people's back, FRETILIN can take no other position than to declare that a lasting and stable overall solution can be attained only if FRETILIN and the Mauber people participate in the negotiating process," Abilio Araujo stressed.

Continuing to speak about this important aspect of the struggle of the Mauber people, FRETILIN's chief representative abroad stated emphatically: "We have said and we continue to say that there is no valid justification for excluding FRETILIN, the force which is combating Indonesia. Thus, FRETILIN is the belligerent party. For this reason, we are demanding negotiations among Portugal as administrative entity, Indonesia as aggressor and FRETILIN--negotiations aimed at obtaining a cease-fire agreement; after that we would study the necessary mechanisms whereby the people of East Timor could succeed in being consulted within the scope of Resolution 37/30 of 1982 drafted by the UN Assembly.

"We believe that Portugal's attempt to exclude FRETILIN can only be viewed as complicity by the former colonial power in the genocide presently being perpetrated by Indonesia against our people," Abilio Araujo declared. He then went on to say: "In the final declaration of the Sao Tome summit meeting, the heads of state decided to promote the organization of an international conference on East Timor, to be held in Lisbon in June.

"We believe that this conference, which in principle will be attended by a very broad cross-section of individuals from the fields of science, politics and art, political parties, union organizations and the like, is being held in Portugal to show that the struggle of the Mauber people under the direction of FRETILIN has the support of the Portuguese people and the country's democratic and progressive forces," Abilio Araujo said and then concluded, "It will also provide an opportunity to present the struggle of the Mauber people in its true political, military and diplomatic dimensions and help clarify the issue in the mind of the Portuguese Government.

"The support voiced by the five heads of state of the African countries where Portuguese is the official language is also an appeal to Portugal's responsibilities in the East Timor problem," Abilio Araujo stated in conclusion.

8568  
CSO: 3442/244



INDONESIA

FRETILIN DENIES INTERNAL DIVISIONS

Lisbon DIARIO DE NOTICIAS in Portuguese 27 Feb 85 p 4

[Text] Abilio Araujo, representative of FRETILIN [Revolutionary Front for Independent East Timor] in Lisbon, termed the statements made by the pro-Indonesian governor "absurd and ridiculous"; the statements had implied that the movement was divided and had lost the people's support. FRETILIN'S representative in Lisbon assured the NP [Portuguese News Service] that FRETILIN "is very strong and is not divided."

"The people's support is growing," he said, "and many individuals who were adherents of the UDT [Timorese Democratic Union] and APODETI are cooperating with the armed resistance group led by FRETILIN." According to Abilio Araujo, the statements made by Gov Mario Carrascalao "are part of a campaign being carried out by Indonesia to discredit FRETILIN." Speaking to foreign journalists, Carrascalao asserted that the guerrillas and their followers are abandoning the mountain refuges and surrendering to the Indonesian troops within the scope of an amnesty granted by President Suharto of Indonesia. The governor also said that many of the allies of the guerrillas are abandoning the guerrillas inasmuch as they are being deprived of food and punished for collaborating with the Jakarta troops.

Abilio Araujo said that Carrascalao's words contradict information coming from Benny Murdani, commander of the Indonesian Armed Forces, according to which "300 armed natives passed over to the side of the resistance." Murdani was also quoted by Araujo as having said that no military solution was possible for East Timor over the short term. In speaking of the amnesty granted by Suharto, Abilio Araujo said that many of FRETILIN's members, who were captured by Indonesia, were deported to various islands. "The Indonesian authorities evacuated a number of prisons to give the impression that they were empty," Abilio Araujo said, "but they established others in other parts of East Timor to which no international agency has access."

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CSO: 3542/151

INDONESIA

DAILIES COMMENT ON BANDUNG COMMEMORATION

BK241304 Jakarta Domestic Service in Indonesian 0600 GMT 24 Apr 85

[Press review]

[Text] SUARA KARYA writes that aspirations and principles finalized in Bandung 30 years ago remain relevant in the world today. The commemoration of the Asian-African conference in Bandung today will tomorrow produce fresh determination to implement and uphold the Bandung spirit. According to SUARA KARYA, it is also hoped that some renewals could be achieved in order to motivate the common programs of the Asian and African countries.

BERITA YUDHA explains that the presence of about 80 delegations from Asian and African countries at the commemoration of the 30th anniversary of the Asian-African conference in Bandung today proves the solidarity of the nations preserving the 10 principles of Bandung. BERITA YUDHA says that at the ceremony, leaders of countries from both continents definitely meet for a convention to discuss their common fate.

ANGKATAN BERSENJATA expresses the hope that the commemoration could produce the advantage in again answering the question: What is the Bandung spirit? This spirit has evidently been effective all this while in bringing independence to colonized nations. Continuing, ANGKATAN BERSENJATA says that the Asian and African countries are definitely demanded by the Bandung spirit to resolve their disputes through a process of consultation and consensus as a precondition for development of prosperity for the people.

MERDEKA writes that with national pride and sincerity, Indonesia has carried out its political responsibility in organizing the commemoration of the 30th anniversary of the Asian-African conference. This is because Indonesia had been the first host of the [word indistinct] very important. MERDEKA is of the opinion that the Asian-African conference and the 10 principles of Bandung should be preserved and that the commemoration today marks the historical date for the purpose.

BERITA BUANA is confident that today's commemoration event will achieve good results, although before the ceremony started, several delegation members had given explanations of various problems faced by their respective countries. BERITA BUANA says that on a commemoration day like this, it is not proper for delegates to take an opportunity to discuss problems, because this forum is not a conference forum. In this connection, BERITA BUANA concludes by stressing the need for the delegates to seek a general consensus to be embodied in a declaration.

INDONESIA

DAILIES VIEW BANDUNG CONFERENCE, DECLARATION

BK260759 Jakarta Domestic Service in Indonesian 0600 GMT 26 Apr 85

[From the press review]

[Excerpts] ANGKATAN BERSENJATA today carries an editorial on the commemoration of the 30th anniversary of the Asian-African Conference which says that economic development constitutes a great challenge to the Asian and African nations in their efforts to attain the objectives of their independence, namely progress and prosperity for the majority of their people. According to ANGKATAN BERSENJATA, the Asian and African nations must produce leaders in this field who will make the history of the present and future as demanded by President Suharto in his speech before the commemorative meeting. The daily believes that as development needs peace, the maintenance of national, regional and international peace is an integral part of the duties of those who make of the history of the present and future.

On the Bandung declaration on Independence, Peace and Prosperity issued in Bandung on Thursday to commemorate the 30th anniversary of the Asian-African Conference, PIKIRAN RAKYAT of Bandung says that we must strive consistently to achieve its objectives for the sake of human dignity or at least to avoid the destruction of mankind in the world. However, PIKIRAN RAKYAT asserts that the general declaration alone cannot resolve problems endangering the world today. The general statement embodied in the declaration should be followed by more practical measures on a collective and bilateral basis. The daily believes that the Asian and African declaration in Bandung will be more useful if it is followed by future steps. PIKIRAN RAKYAT is convinced that all nations have come to Bandung to realize the objectives of declaration.

CSO: 4213/212

INDONESIA

COMMENTARY VIEWS RESULTS OF BANDUNG MEETING

BK270945 Jakarta Domestic Service in Indonesian 1200 GMT 26 Apr 85

[Unattributed commentary]

[Text] The 2-day commemorative ceremony of the 30th anniversary of the Asian-African Conference ended at the Merdeka Hall in Bandung on Thursday. The first Asian-African conference was held in the same building 30 years ago. The 1955 meeting issues the Ten Principles of Bandung covering the basic principles guiding relations among nations. The 1985 Bandung meeting, with three times the number of participating countries as of the 1955 meeting issued the Declaration of the 30th Anniversary of the Asian-African Conference. The declaration reaffirms the results of the 1955 Asian-African Conference as not all of them have been implemented. All the Asian and African countries should still strive for their serious implementation.

The 19-point Declaration of the 30th Anniversary of the Asian-African Conference expresses full support for the struggle of the Asian and African peoples and peoples in other parts of the world against colonialism. In addition, it notes that the world is currently gripped by tension, cruelty and insecurity--particularly due to the threat of nuclear war. In this regard, the Bandung Declaration favors the removal of the use of superpower defense pacts by small countries. In addition to the issues of independence and peace, the Bandung Declaration also pays special attention to economic development [words indistinct] because the world economy is still dominated by advanced countries. Accordingly, the Asian and African countries need a new dimension in international economic cooperation which recognizes that the recovery of the world economy can only be achieved if it is accompanied by immediate steps to revive development in developing countries.

Obviously, the Bandung Conference 30 years ago gave birth to the Asian-African spirit because newly independent and sovereign countries have since emerged into the two continents after years of foreign colonial rule. However, there have been no convincing indications that the world will become peaceful, calm, or just. Addressing the commemorative meeting of the 30th anniversary of the Asian-African Conference in Bandung on Thursday [as heard], President Suharto said that shadows of danger such hegemonism between the world superpowers, the stepped-up arms race, and economic competition continue to haunt nations around the world. In addition, conflicts in several parts of the world worry and alarm all of us.

Accordingly, we hope that the rekindling of the Bandung spirit will lead to a more just and humane world which every human being cherishes. We also hope that through Asian-African solidarity, every problem emerging in Asia and Africa can be resolved by the countries concerned.

CSO: 4213/212

INDONESIA

AIR FORCE CHIEF DISSOLVES THREE REGIONAL COMMANDS

BK281355 Jakarta KOMPAS in Indonesian 16 Apr 85 p 12

[Text] Jakarta, KOMPAS--Air Force Chief of Staff Air Chief Marshal Sukardi has said that the dissolution of regional air force commands [Kodau] heads need not bring about anxiety and worry because the dissolution does not mean that some air force personnel will be jobless. He said that all air force personnel will be reassigned to suitable posts to carry out air force duties.

Air Chief Marshal Sukardi said this when we dissolved three Kodaus within the framework of the Indonesian Air Force reorganization. The first Kodau to be dissolved was the 3d Kodau which covers Sulawesi, East Kalimantan, South Kalimantan, and Central Kalimantan. This Kodau was dissolved at a ceremony in Ujungpandang on 10 April 1985. On 11 April, the 7th Kodau, which covers Maluku and Irian Jaya, was dissolved at a ceremony in Biak, Irian Jaya. The third dissolution ceremony took place in Medan on 13 April for 1st Kodau which covers Sumatera and West Kalimantan. At the three ceremonies, 3d Kodau Commander Air Colonel Danendra, 7th Kodau Commander Air Commodore Sudarma, and 1st Kodau Commander Air Commodore Wardoyo Kusumo transferred their powers, duties, and responsibilities to the air force chief of staff.

The dissolution of the remaining Kodaus, namely the 4th Kodau, which covers Central Java, East Java and Nusatenggara, and the 5th Kodau, which covers West Java, will be carried out soon. When the dissolution is completed, the work of the Kodaus will be replaced by a new air force command to be established, namely the Air Force Operations Command [Koopsau]. In the new organization, the Indonesian Air Force will divide the Indonesian territory into two Koopsau, namely the 1st Koopsau covering the western part of Indonesia with headquarters in Jakarta, and the 2d Koopsau covering the eastern part of Indonesia with headquarters in Ujungpandang.

CSO: 4213/212

INDONESIA

BRIEFS

THAI AIR FORCE CHIEF RECEIVED--Defense and Security Minister Poniman says that there has been rapid progress in relations and cooperation between the Indonesian and Thai Armed Forces, particularly between the air forces of the two countries. This can be particularly seen in an increasing program of joint exercises. Minister Poniman said this when he received a courtesy call by Royal Thai Air Force [RTAF] Commander Marshal Praphan Thupatemi at his office today. Marshal Praphan Thupatemi, who is accompanied by RTAF Chief of Staff Marshal Somphon Burutrattanaphan and party, is in Indonesia to observe a joint air operations exercise between the Indonesian Air Force and the RTAF. The exercise, codenamed "Elang Thainesia IV," took place in (?Bogor) this morning. According to Minister Poniman, the development of the armed forces of the countries. [Text] [Jakarta Domestic Service in Indonesian 1200 GMT 26 Apr 85 BK]

BANDUNG DECLARATION HAILED--Delegates to the commemorative meeting of the 30th anniversary of the Asian-African conference in Bandung on 24 and 25 April have expressed satisfaction with the meeting that issued the Bandung Declaration. Before leaving for Kuala Lumpur this afternoon, Malaysian Foreign Minister Tengku Ahmad reminded all countries, particularly developing countries, to respect the Bandung declarations of 1955 and 1985 in settling problems they face. Iraqi Parliament Speaker Hamadi said that Iraq will implement the new Bandung declaration, particularly to help settle major international problems like the Namibian and Palestinian issues. He stressed the need to promote economic cooperation, peaceful coexistence, noninterference in the internal affairs of other countries, and abstention from violating the territorial integrity of other countries. Meanwhile, OAU Council of Ministers Chairman William Eteki Mboumoua, who is also Cameroonian foreign minister, said he will present the Bandung Declaration to the UN Security Council. The Asian and African delegates are leaving Indonesia one after another, generally taking home a set of angklung [traditional West Java music instruments] as a souvenir. [Text] [Jakarta Domestic Service in Indonesian 1500 GMT 26 Apr 85 BK]

AIR FORCE REORGANIZATION--Air Force Chief of Staff Sukardi has officially reorganized two air force commands. The Air Force Crack Troops Command has become the Center of the Special Force of the Indonesian Air Force, while the Material and Main Air Weapons System of the Indonesian Air Force was renamed the Command for Material Maintenance and Supply of the Indonesian Air Force. The official military ceremony was held at Sulaiman Air Base in Bandung on 16 April 1985. [Summary] [Jakarta Domestic Service in Indonesian 0600 GMT 18 Mar 85 BK]

BANDUNG ANNIVERSARY--Asian and African nations are deeply concerned over conflicts in various parts of the world and hope for a just and peaceful solution to these conflicts in accordance with the UN Charter, the Bandung principles, the objectives of the Nonaligned Movement. Meanwhile, the Soviet Foreign Ministry yesterday sent a congratulatory cable to the Indonesian Government on the 30th anniversary of the Asian-African conference in Bandung. In the cable addressed to Foreign Minister Mokhtar Kusumaatmaja, the ministry said that Indonesia had played a prominent role in holding the historic Asian-African conference. [Excerpts] [Jakarta Domestic Service in Indonesian 1200 GMT 25 Apr 85 BK]

CSO: 4213/211



LAOS

RUMORS OF CURRENCY CHANGE, MILITARY DRAFT IN CENSUS

Vientiane VIENTIANE MAI in Lao 28 Feb, 1 Mar 85

[28 Feb 85 p 2]

[Excerpt] VIENTIANE MAI has received this letter from an individual who prefers to remain anonymous. These are his questions:

1. Will there be any currency changes due to the census?
2. Will the electric power be shut off from 1-15 March 1985? No traffic allowed? Nobody allowed to go in or out of the city? No trade? Will young men be drafted? Is there any truth to these statements?

Please have the editor inform me.

A comrade who prefers to remain anonymous as well as the people of Vientiane Capital know clearly and in detail that the census task is for developing a foundation, a solid reference for the administration of the state and to control society, increase national security, control household registration and [obtain] detailed data about the population around the country.

There have not been any census records in our history over the centuries of the rotten old regimes in the country. As we have known for a long time, the population of Laos is 3 million. Nobody knows the truth, nobody can confirm this figure; this is the stupidity of the old regimes that did not have any interest in its own people.

Under the bright new regime, this historic census is considered to be a new step for defending the country, developing the nation and the administration, improving the living standards of the people of all ethnic groups in Laos and developing clean new regulations so that our country will be progressive, rich and healthy (you can read the details of the purpose of the census in past issues of VIENTIANE MAI). It is a common goal that the people understand the census and cooperate with the cadres and technocrats who are performing their duties in the census. The census task is the responsibility of everyone and is a collective task to which everyone must contribute in order to reach its goals and complete the plan successfully and quickly.

[1 Mar 85 p 2]

Rumors are being spread by the enemy because they want to create turmoil, so they are using deceptive schemes and propaganda to create negative opinions and attitudes toward the census task. Especially now, they are stirring up rumors that there will be changes in the currency, the shutting off of electrical power, the stopping of communications, closing of shops and drafting of young men, as you have mentioned. All of these are not true. We want to announce clearly that these words are the enemy's propaganda. They are distortions of the truth to create unrest and to destroy the revolution in our country and our regime. Our people must not be deceived at all by this propaganda and rumors. They absolutely must resist this propaganda and these lies that are creating turmoil. These rumors absolutely must be controlled and opportunists who disturb the market, the currency, the prices of goods and other things must be promptly educated.

Our people, please take charge of the national security task. If any unwanted events occur, please urgently report them to the concerned authorities; together, we must suppress these events promptly and definitely and not allow the enemy to take advantage of the situation.

Thanks, comrade who prefers to remain anonymous, for writing to our column. I hope you understand our short talk. I would like you to disseminate these matters to the people so that they understand the census task that is now in progress.

Also, I wish that you and people of all ethnic groups have standards for sorting out allies and enemies, have a high awareness and not be disturbed by these rumors. If you encounter any turmoil anywhere, you must take charge of informing the people and putting the situation under control promptly or reporting to the security authorities very quickly so that together we can stay alive and live normally to develop our country and homeland to make it prosper.

Best of luck and good health to you.

Good bye.

12597

CSO: 4206/107

LAOS

PRICE HIKES CALLED ECONOMIC SABOTAGE

Vientiane VIENTIANE MAI in Lao 12 Mar 85 p 2

[Text] Dear Editor of VIENTIANE MAI:

After I read in VIENTIANE MAI about the enemy's propaganda sabotage to cause turmoil in currency, trade, political ideology, and the economy, I agree with VIENTIANE MAI. I have assessed the situation and I think that the enemy is currently trying in every way to unceasingly destroy the peace and happiness of our people. And it is a pity that some of our people who are naive and unstable are being exploited by the enemy's schemes.

Today, I would like to ask you this question:

The fact that opportunistic merchants have been raising the prices of goods, knowing that it will cause turmoil to the currency--is this behavior justified? And why have merchants been increasing the prices of their goods? Is it in line with economic mechanisms?

That is all that I will bother you with; forgive me for any mistakes.

Thank you

Nouane

Dear Comrade Nouane:

We have already mentioned once that during our conducting of the general census, that the enemy has been spreading rumors that smear our new regime in many ways. They are increasingly using psywar to line up with the ideology of indecent people who have exploited opportunities to raise the prices of goods and other items. Most of our people understand the situation and are able to obstruct them quite well, which has made the situation stabilize and become normal.

Comrade Nouane, as well as our people, must be aware of the rumors and be ready at all times not to allow the enemy to exploit opportunities to spread more rumors and cause turmoil. If you see that kind of undesirable event occurring, you must put a complete stop to it and suppress it promptly.

As for your question, I say wholeheartedly that price increases do not have any relation with economic mechanisms but it is actually [caused by] the enemy and opportunists who are tools of the enemy; they are trying to create turmoil, to destroy our new regime, our peace and other things. Therefore, our people must decide determinedly to suppress unwanted elements completely. And also, merchants must be aware at all times and absolutely not fail for the schemes of the enemy. If not, you will be an undesirable element yourself. I am talking briefly to make you understand because we have already talked about this matter once already.

Best wishes to you, comrade.

12597

CSO: 4206/107

LAOS

METHOD FOR CALCULATING REVOLUTIONARY SENIORITY DISCUSSED

Vientiane VIENTIANE MAI in Lao 5 Mar 85 pp 2, 4

[Excerpt] Are the dates of joining the revolution and taking revolutionary action the same or different? And how should [revolutionary seniority] be calculated; does it start from the date of joining the revolution or of taking revolutionary action?

Another thing: are those who have never been cadres or workers contributing to the state and party; for example, those who are currently students in secondary schools or teacher training schools or other vocational schools, considered to have joined the revolution?

Dear Lao Temple Students:

The answer to your questions are:

On [each] biographical form, it is specified that the dates of joining the revolution and affiliation to the state are as follows:

1. The date of joining the revolution is counted as starting from the date that you take revolutionary action that is witnessed and confirmed by someone. For example, you actively took revolutionary action starting in 1960 in support forces or another place.
2. The date of affiliation with the state must be counted from the date that you became affiliated with the state. For example, if you are a cadre of the old regime but had been active in the revolution since 1960, for most of you, your date of affiliation with the state started on the date that you became affiliated with the state, for example, 2 December 1975. This is just a general example. Ask for the details of your case at the office of your organization because they will be able to explain your case to you more clearly. But for those who joined the revolution and were affiliated to the state on the same day, seniority starts the same date. Cadres who are in schools or who are still studying (student cadres, except regular students) maintain their original dates of joining the revolution and of affiliation with the state; even though they are in school, they are cadres affiliated with the state who have been sent to study.

If the answer is not clear, please write again. Thank you.

LAOS

LAW ON NATURALIZATION OF CITIZENSHIP DISCUSSED

Vientiane VIENTIANE MAI in Lao 6 Mar 85 pp 2, 3

[Excerpt] I was born in Sailom in 1943. My mother is Vietnamese, my father was half-Vietnamese, half-Lao (he died when I was four). Currently, I hold Vietnamese citizenship. Every document is under my Vietnamese name. If I want to change my citizenship from Vietnamese to Lao, would it be illegal? What kind of procedures must I undertake?

What must a Vietnamese born in Laos or any alien do if he wants to be naturalized to hold Lao nationality?

From Phuong Ban Sailom

Unit 8 Chanthaburi District, Vientiane Province

Dear Comrade Phuong:

I am answering your question promptly as you have requested and require.

After a careful review of your question, I have these options:

A UN resolution specifies in detail that, "An individual has the right to choose any nationality and residency that he wants."

It means that any individual of any nationality or race or religious belief has the right to choose any nationality and place of residence that he wants. (Sorry, I cannot remember the number of the article.)

Therefore, in summary, naturalization is one of the specific resolutions of the UN and considering that our country is a full member of the UN, surely we will honor that right specified in that UN resolution. As for you, your changing from Vietnamese citizenship to Lao citizenship would not be any problem, but you legally must file a petition in accordance with the regulations and laws of our country. I suggest that you contact the Ministry of Interior's Immigration and Alien Division. They will give clearer information and procedures about naturalization because I believe that one can have the nationality of the father's or mother's side. It is not

illegal to change nationality; rather, you must only follow the laws of the country. This is all you have to do.

That is all for now. More action is better than talk.

Thank you.

12597

CSO: 4206/107

LAOS

PUBLISHING RESTRICTIONS ON EMBASSIES, PRIVATE SECTOR

Vientiane VIENTIANE MAI in Lao 1 Mar 85 pp 1, 4

[Article: "Announcement"]

To: All ministries, equivalent committees, mass organizations and Vientiane Municipality, international organizations and merchants.

Based on the policy directives of the party and the state during the period of reform and socialist development in our country;

Based on the plan of the Second General Congress concerning cultural ideology in Vientiane Municipality;

Based on the work plan for the task of the Division of Culture for controlling all printing shops, photocopying machines and private printing machine shops, especially those within Vientiane Municipality that are under the control and guidance of the Division of Culture;

Based on the grounds that there are ministries, equivalent committees, mass organizations and international organizations in Vientian Municipality still bringing documents to hired printing shops for printing and bringing typewriters to be repaired in private repair shops without going through any responsible division at all for detailed inspection, consideration and recommendations:

These situations are making all private printing shops independent from the state organization, free to fix any price, willing to print any document freely.

In order to implement the policies of the party and the state and to control and develop all printing shops to be on the right track and productive, Vientiane Municipality proclaims to all offices of all ministries, equivalent committees, mass organizations, as well as international organizations and people's organizations in Vientiane Municipality to inform them that:

1. All ministries, equivalent committees, mass organizations and international organizations that bring in documents for printing in private printing shops must go through the Division of Culture for detailed inspection, consideration



and approval and guidance. Firstly, any organization or individual is forbidden to directly contact a printing shop without the approval of the Division of Culture.

2. Any organizations or merchants wishing to do business in producing labels or brand seals for consumer goods, for example, labels for fish sauce, soy sauce, distilled water, paint, clothing, signs, and other products, must first go through the Division of Culture for inspection.

3. All embassies must go through the Ministry of Foreign Affairs for inspection and approval before contacting the Division of Culture.

4. The Division of Culture will not be responsible for any organization not complying with this proclamation when any problem occurs affecting the policy directives for reform that the party and the state have laid out.

Hopefully all ministries, equivalent committees, mass organizations and international organizations as well as merchants in Vientiane Municipality have received this announcement; please follow the regulations properly.

Vientiane, 20 February 1985

Chairman of Vientiane Municipality Administration

Dr Siho Bannavong

12597

CSO: 4206/107

LAOS

ENEMY PROPAGANDA, REFUGEE RETURN DISCUSSED

Vientiane PASASON in Lao 8 Mar 85 p 3

[Text] A man using the name Saengthong, a native of Vang Vieng District, Vientiane Province, wrote to the editor of PASASON asking this question: "Why have a number of people been deceived by the lies and schemes of the enemy?" This is his concern, which we are answering briefly as follows:

The political policies of the party and the state are absolutely right and fair. The Lao people in general believe and follow the party's guidance.

Apparently, there are a number of people who have been deceived by the lies and schemes of a group of bad people. They have fled to foreign countries because they are very credulous [and believe] the propaganda of enemies who wish to destroy us. But these refugees have seen and discovered the injustice and the lies that the enemy has made in stealing, robbing and assaulting. Refugees cannot bear these things anymore, so quite a few of them have returned to their native villages. Our party and our state welcome them back, give them justice and provide them the means for returning, earning their living and building a new life in their native land or an appropriate place as they request or wish for their satisfaction. But the imperialists, Chinese expansionists and hegemonists, reactionaries in Thai power circles and Lao reactionaries in exile still search for ways to exploit these refugees who will return to their homeland and to actively use schemes to destroy the Lao revolution over the long term. Consequently, we must always have a high awareness.

That is our complete opinion. If you readers have any additional questions, please write to the "Talk" column again.

The Editor.

12597  
CSO: 4206/106

LAOS

## XIENG KHOUANG LPRP HISTORY, EXPANSION NOTED

Vientiane PASASON in Lao 19 Mar 85 p 2

[Excerpts] Development of the party's foundations in Xieng Khouang Province started in 1951. In 1959, the Indochinese Communist Party and its members actively developed the party's foundations in rural areas, such as Sam Chai, Hong Mo, Nong Hed, Tha Vieng, and Muang Kham districts, the Nam Neun River area, and Mouang Kham District. In 1955, the central party committee decided to nominate three comrades to the party committee, [including] Comrades Da Thepmani as secretary general and Loblayao as deputy. In 1974, the central party nominated an additional 13 comrades to the party committee. Currently, there are 17 comrades on the LPRP committee in Xieng Khouang Province.

The activities and guidance of our provincial party committee have made the party membership expand gradually from one party unit in 1955 to 80 party units in 1975 and to cover 1,363 party members, which means that over 2 decades, the Lao People's Revolutionary Party's [LPRP] foundation has grown 80 times. During the period of reform and socialist development of 1976-1983, there were 145 party units in the entire province of Xieng Khouang, with 2,157 members. April 1983, in particular, was the opening of the historic, first official general congress of the provincial LPRP committee. In 1985, there was a total of 218 additional party units in the Xieng Khouang provincial party, with a total of 2,292 comrades, of which females totaled one-third of the membership.

During the past decade, we feel that party activities have expanded in every area, quantitatively and qualitatively. This is shown by [the fact that out of] the 218 total party units, 65 units are strong in every area and 113 units are average.

For the occasion of the celebration of the 30th anniversary of the formation of the LPRP, the Xieng Khouang Provincial LPRP committee has scheduled the following preparations:

For the task of improving and expanding the party, we have set goals to expand the membership of the 22 March Class to 103 comrades and the 2 December Class to 971 comrades. In addition, concerning [agricultural] production, the Xieng Khouang party committee has set targets for each agricultural cooperative unit to raise its [rice] production efficiency to 2.9 tons

per hectare. As for the security task, we have managed to have cadres of each section go down to grassroot areas to actively perform their duties, develop the party's foundations among the people and improve and strengthen the security network in those areas, namely to obstruct any schemes of the enemy, who wishes to destroy the solidarity among the different ethnic groups within Xieng Khouang Province.

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CS0: 4206/106

LAOS

# POLITBURO WARTIME CAVES IN VIENGSAI DESCRIBED

Vientiane PASASON in Lao 15 Mar 85 p 2

[Excerpts] It is certainly correct to call Viengsai a town of caves and cliffs, [for] there are caves and cliffs of various shapes. We can see from a guesthouse window a two-story brick house at the foot of a cliff with tightly sealed glass window panels. A little bit higher, we can see a small cave hole with a wall blocking the entrance. That is the office of Comrade Secretary-General Kaysone Phoumviarn. He lived in a stalactite cave during the war with the American gangsters. As we enter the room, there is a conference room 1 meter higher on the left side. There is another entrance to this conference room from the top, which we can see from far away. To the right of this room is a large room with another entrance. At the bottom of the cave is an entrance to the kitchen. There are four contiguous entrances to the stalactite cave, the residence of Comrade Secretary-General Kaysone Phoumviarn, which guaranteed him complete safety under all circumstances.

From the residence of Mr Kaysone Phoumviarn we walked southward along a road; in less than 400 meters, we saw a modern brick house, which is the residence of President Souphanouvong. This house was built only after the 1973 Vientiane Treaty. From the back of this house we saw a multi-layered road spiral up [around the mountainside]; half-way up the cliff, there is a tunnel the same size as the main entrance. This cave is called Pha Pung Cave, and was fixed up to be the residence of President Souphanouvong during the war of resistance against the invasion of the American imperialists. This cave does not look like one if you do not look at it carefully. Outside the cave, there is a vacation house and flowers and trees growing in a front garden. It could have been a resort area rather than the residence of the President.

Through this cave hole we will see a small, 10-square meter room with a table and a chair which constitutes the president's living room and den. I was in this room to report and meet with foreign guests of President Souphanouvong.

From the cave residence of President Souphanouvong, we went to admire the cave residence of Mr Phoumi Vongvichit, which is located across [from the President's]. Mr Phoumi's residence since the war has been a raised ranch

wooden house with a galvanized roof. The ground under the house is cement and adjoins the kitchen area.

From Mr Phoumi's cave residence, the guide took us directly to the adjoining cave residences of Mr Nouhak Phounsavath and Mr Sali Vongkhamsao, which are low ranches not more than 200 meters apart. We were disappointed that we were not able to take a look at their caves because Mr Nouhak's cave is located at a higher altitude. Previously, he had to climb many flights of wooden and dirt stairs but now those stairs are in disrepair and covered by trees. It would take us a day to climb up to the cave.

In the same afternoon, we went to see, one after another, the cave residences of Mr Khamtai Siphandone, Mr Sisomphone Lovanxai and Mr Phounsipaseut. Since the war, Mr Khamtai's house has been a bi-level with two beautifully patterned kinds of wooden shingles. His office is in brick quarters on the edge of his cave, which is called Khanglot Cave. It has a long history and it is part of a large cave which used to be a gathering and sleeping place for thousands of people. Mr Khamtai's cave was drilled in and two entrances were built with solid stone doors that guaranteed good safety. When we entered the cave, we did not see anything except the tightly shut iron door and the darkness. As for the cave residence of Mr Sisomphone Lovanxai, it is in the open air and everyone passing by can see it easily. The house is a lovely wooden raised ranch. Not more than 10-20 meters from the back of the house is the entrance of the safe, compact artificial cave where Mr Sisomphone lived. As for the cave residence of Mr Phounsipaseut, it is located in an open and crowded area.

12597

CSO: 4206/106

LAOS

#### BRIEFS

VIENTIANE DISTRICT LPRP MEMBERSHIP--The 25th of February 1985 was the opening day for the first general congress of the LPRP [Lao People's Revolutionary Party] committee of Phonhong District. A total of 50 regular comrade representatives represented 125 LPRP member comrades from basic production areas. [Excerpt] [Vientiane PASASON in Lao 7 Mar 85 p 21] 12597

HOUA PHAN RICE PRODUCTION--There are currently in all of Hua Phan Province 2,921 semi-permanent medium-sized and small irrigation system and reservoir sites built by the local people. These irrigation systems and reservoirs can irrigate 7,200 hectares of rice fields. Because Hua Phan Province is a mountainous area with deep streams and high mountains and considerable forests but few plains, the area for cultivation is limited, with most in mid-land areas. After the liberation of the country, the people of Hua Phan Province concentrated their industrious heritage and indefatigable drive to clear the land for rice cultivation, dry season rice growing, and slash and burn farming. However, slash and burn farming is being reduced in each district each year. For instance, in 1983, Xieng Kho District produced only 5,245.69 tons of rice; in 1984, it produced 6,741.9 tons; in 1983, Viengsai District had 1,511 hectares of rice fields with an average yield of 2.5 tons per hectare, but in 1984, the entire district of Viengsai had only 1,430 hectares of rice fields with an average yield of 3 tons per hectare. Rice production in Sam Neua in 1984 was 4,486.5 tons, which was 37.5 tons more than in 1983. As for South Sam Neua, Hua Mouang and Vieng Thong districts, the yields stepped up from 2 tons per hectare to 2.2-2.6 tons per hectare. In general, rice production in Hua Phan Province appears to have increased compared to 1981. Annual rice production increased by 49.21 percent, that of dry season rice by 30.23 percent and that of mid-land rice by 29.06 percent, even though the mid-land rice field area decreased by many hectares. [Excerpt] [Vientiane PASASON in Lao 18 Mar 85 p 2] 12597

SCHEDULED PORT COMPLETION IN 1985--At present, 80 percent of the construction of the large port of Kaeng Kabao in Savannakhet Province has been completed. This symbolizes the achievements for commemorating the 2 upcoming historic days; the port is scheduled to be completed in the middle of 1985. The Kaeng Kabao port construction project, which started in 1979, is an important one. The project is funded by the government of Holland through the temporary Mae Kong River International Organization, in combination with Lao government national budget funds. Other important construction and work that has been

completed are: warehouses, offices, workers' living quarters, the installation of electrical machinery and others. As for tasks that are being accelerated for completion before the upcoming celebration of the 30th anniversary of the formation of the LPRP, all the workers in the Kaeng Kabao port construction division have completed the construction of a 5,800-square meter concrete pavement open-air warehouse, a communal kitchen, the installation of a second electric engine, the setting up of a waterworks and the installation of a drawbridge, barges, and gates. To date, these construction workers are still continuing to unceasingly and quickly perform their skilled tasks.  
[Text] [Vientiane PASASON in Lao 16 Mar 85 pp 1, 21] 12597

CSO: 4206/106



MALAYSIA

## PANEL FORMED FOR CHINA TRADE

Kuala Lumpur BUSINESS TIMES in English 27 Apr 85 pp 1, 22

[Article by Ahmad A. Talib]

[Text]

THE government has formed an inter-ministry committee to study how trade with China can be smoothened. It is chaired by the Ministry of Foreign Affairs.

This was disclosed in Parliament yesterday by Trade and Industry Minister Tengku Razaleigh Hamzah in reply to a supplementary question from the DAP MP for Kuala Lumpur Bandar, Mr Lee Lam Thye.

Tengku Razaleigh said the government was aware that many countries had begun to look at China as a potential investment location. Countries such as Japan, the United States and Singapore have already entered into joint-venture projects in China.

He added that a close study of the opportunities was necessary before Malaysia could commit itself into investing in China, and any decision to walk the path the other countries had taken would have to be made after "a close in-depth study."

Meanwhile, business transactions with China

would continue along the present format, with emphasis on direct bilateral trade. The government would continue to despatch trade missions to China as in previous occasions.

Tengku Razaleigh stressed that Malaysia's China trade should truly reflect a Malaysian identity, and that it should not be confined to any particular groups.

Earlier, MP for Setapak Mohd Idris Mohd Basri wanted to know why Malaysia, while aligning itself with the Organisation of Petroleum Exporting Countries (Opec), had not become a member of the grouping.

He also wanted to know the implications of the government's decision to reduce daily oil production by 40,000 barrels.

Minister for Justice and Minister in the Prime Minister's Department Datuk Dr James P. Ongkili, replied that it was better for the country to retain its position of an observer in Opec as this would enable the country to be flexible in implementing policies

pertaining to its oil industry.

He said: "If we become a member of Opec, we will have little choice but to follow every decision on policies made by the grouping. But by being an observer, we can continue with our flexible approach."

He said there would be no "loss" of income following the reduction in oil production. Instead, the oil would become part of the country's reserves, to be used when oil prices were better.

The Barisan Nasional MP for Batu Gajah, Mr Ban Hon Keong, wanted to know whether the Employees Provident Fund (EPF) would consider raising the \$20,000 ceiling for withdrawals for house purchases.

Deputy Minister of Finance Datuk Dr Tan Tiong Hong said there was no decision to raise the ceiling. But his ministry was actively considering various additional schemes to widen the facilities offered by the EPF.

CSO: 4200/857

MALAYSIA

OIL REFINING CAPACITY REASSESSMENT URGED

Kuala Lumpur BUSINESS TIMES in English 28 Apr 85 pp 1, 24

[Text]

IT MIGHT be necessary for Malaysia to reassess its refining capacity and re-evaluate its decision on the US\$1.5 billion Malacca oil refinery project which has been postponed.

Advancing this view, Petronas president Tan Sri Abdullah Mohd Salleh said although there was excess refinery capacity worldwide currently, the position could change significantly by the turn of the decade.

Noting that refineries in Singapore were now receiving increasing number of oil cargoes, especially from China and other spot purchasers, he said: "Malaysia will need to reassess its refining capacity so as not to be caught by any sudden refining capacity shortage by the turn of the decade."

Discussing the Malaysian petroleum industry and its future direction at a workshop for Third World journalists organised by Opec in Kuala Lumpur yesterday, Tan Sri Abdullah said some people held the view that the Malacca refinery project should be re-evaluated.

"Although the initial investment needed is quite large, about US\$1.5 billion, the refinery will not only guarantee security of supply of petroleum products for the country's domestic market but also generate savings in foreign exchange.

"Additionally, the Malacca refinery will also provide employment for Malaysians and become a useful training ground to develop local expertise in the oil refining business, as well as help establish supporting industries.

"The establishment of the Malacca refinery will help increase Malaysia's LPG production, thereby increasing capacity to export more LPG and generating a higher level of export earnings," he added.

Taking into consideration the soft international market for LPG in the next few years, the government might review its policy and encourage greater domestic use of LPG, particularly as a fuel to power vehicles.

Petronas is also keeping a close watch on the world's petrochemical in-

dustry and is studying the possibility of setting up such a plant to produce MTBE, ethylene and caprolactum. Tan Sri Salleh said the setting up of this plant will boost domestic demand for MTBE and this project is thus on top of the priority list.

In view of the technical complexity involved in setting up such a plant, Petronas is likely to enter into a joint venture for this project, he said.

In its downstream activities one of the planned expansions is in domestic marketing and distribution of petroleum products. It plans to have 150 petrol stations by the end of the year, rising to 300 over the next five years.

In upstream development, Tan Sri Abdullah said Petronas was willing to enter into joint ventures with foreign companies to develop the petroleum industry in Malaysia. For this reason it was revising its production sharing terms to make them more attractive for foreign investors.

It was also willing to cooperate with other parties, including member countries of Opec which are interested in the smooth development of the local oil industry.

"Once the new production sharing contract has been approved, Petronas plans to revive exploration in the Straits of Malacca which has similar geology to that in Indonesian waters where oil and gas have been found in commercial quantities.

"The new contract will also encourage development of marginal fields, thereby increasing our production capacity," Tan Sri Abdullah added.

Tan Sri Abdullah said though the industry is characterised by heavy capital and long gestation, investments should not only be maintained but stepped up.

Taking a long-term perspective, he pointed out that the heavy capital requirement was the price that had to be paid to maintain stability in

the economy and the energy scene.

Petronas is a major contributor to the national coffers. It is the biggest single taxpayer, contributing \$2.3 billion in fiscal 1983/84 apart from paying another \$1.1 billion in export duties. The government also received \$1.4 billion in dividends and \$1.1 billion in royalties from Petronas, he said.

Petroleum revenue accounted for about a third of total government revenue representing about three per cent of the country's gross domestic product. Oil and gas exports now account for some 27 per cent of total exports and is the second largest export earner after manufactures.

Tan Sri Abdullah said further upstream development in terms of more exploration is required. So far 1.1 billion barrels have been produced from the 3.9 billion barrels of recoverable oil reserves in Malaysia.

CSO: 4200/857

15 May 1985

MALAYSIA

## QUALITY OF RESERVE FORCES QUESTIONED

Kuala Lumpur NEW STRAITS TIMES in English 27 Apr 85 p 3

[Text]

IPOH, Tues. — An Army reserve forces regimental deputy commander has called on the Government today to "stop pretending" that all is well with the reserve forces.

Lt Kol (Dr) Mohammed Yusoff Kamal Khan, of the Regiment 503 Army Reserve here, said the Government is not providing enough incentive or encouragement for civilians to join the reserve forces.

This, he said, has resulted in low morale in the ranks and a high drop-out rate.

"The training equipment is insufficient in quantity and quality and the overall organisation is inferior to the regular forces.

"Let us wake up from our sleep before it is too late," he told reporters after a passing-out parade at the TUDM Base here.

Declaring that he was "telling all", Lt Kol Mohammed Yusoff said: "Since the reserve forces is meant to be a 'back-up' army, it should be better or at par with the regular forces.

"The existing training and organisational struc-

ture should be reviewed to make this happen. It is not good enough to say that the austerity drive is on, as national defence should always take priority.

"The services of the reserve forces are indispensable in the event of a war. They are people with some basic military training. But if incentives are lacking, who is going to care to join the army reserve?"

He said a large number of those who joined the reserve forces were jobless people.

Often, when they secure jobs which pay better, he said, they will quit the forces.

"We find the private sector employers are more willing than the Government when granting one month's leave to their employees to attend training.

"However, there are some managements who threaten to terminate services of staff who take leave to attend training," he added.

Lt Kol Mohammed Yusoff said all this is contrary to the Government's policy of upholding national security and defence.

CSO: 4200/857

MALAYSIA

# MAHATHIR EXPOSES PAS TACTICS

Kuala Lumpur NEW STRAITS TIMES in English 28 Apr 85 p 2

[Text]

KOTA BARU, Wed. — Datuk Seri Dr Mahathir Mohamad has exposed several Pas tactics to weaken the Barisan Nasional and topple it in the coming general election.

He said one such Pas tactic was to trap Umno members into taking extreme steps which could frighten the other Barisan Nasional component parties.

Pas had adopted this tactic in 1969 and was using it again in the hope of creating a split among the Barisan Nasional component parties so as to weaken them.

The Opposition party was trying to convince Umno members that the Government's move to assimilate Islamic values was insufficient and hoped to prompt the Umno members to become extreme.

The Prime Minister was speaking at a dinner hosted in his honour by Menteri Besar Datuk Haji Mohamad Yaacob tonight.

The Prime Minister warned Umno members

not to be trapped into taking extreme action as this would benefit Pas.

He said Pas knew that it could not hope to win the general election as long as the Barisan Nasional remained united and strong.

Umno members must think deeply before taking any action if they were provoked by Pas.

Dr Mahathir reminded Umno members that they must be moderate because it was in accordance with Islam.

He said the harmony enjoyed by the people in this country was due to Umno's and the Government's moderation.

However, Pas had tried to undermine the confidence of the people by saying that what the Government did was wrong.

Dr Mahathir stressed that Pas leaders were responsible for the propaganda against Umno and the Government and that the followers of the party were innocent.

It was up to Umno members to make them realise their mistake and mend their ways.

CSO: 4200/857

MALAYSIA

## PM CRITICISES MUSLIM GROUP

Kuala Lumpur NEW STRAITS TIMES in English 28 Apr 85 p 2

[Article by Syed Abu Bakar]

[Text]

KOTA BARU, Wed. — The Prime Minister today criticised a certain group of Muslims in the country who revered Muslims who died fighting other Muslims.

He said this group regarded Muslims who died fighting other Muslims as extraordinary.

Datuk Seri Dr Mahathir said this group had refused to resolve political problems through discussions and was spreading its belief to other Muslims.

Dr Mahathir stressed that this belief is against Islamic teachings.

Speaking to about 10,000 people who turned out to welcome him at Sultan Ismail Petra airport here, he called on Umno members to persuade these wayward Muslims to return to the "right path".

The Prime Minister arrived in an executive jet shortly after 5pm, ac-

companied by Datuk Seri Dr Siti Hasmah, Foreign Minister Tengku Ahmad Rithauddeen, Trade and Industry Minister Tengku Razaleigh Hamzah and other VIPs.

They were received by Menteri Besar Datuk Haji Mohamad Yaakob, Deputy Menteri Besar Haji Ariffin Said and other VIPs.

Dr Mahathir, who is also the Umno president, inspected a guard of honour mounted by Umno Youth and Wanita Umno members.

The Prime Minister said that although Umno was powerful, the party and the other Barisan Nasional members had administered the country justly.

He called on all Muslims in the country to unite.

"It is meaningless to regard ourselves as brothers if we do not unite," he said.

He added that Muslims in two Muslim countries

were fighting a war in which thousands were being killed.

He said their deaths were pointless because they were Muslims who fought among themselves although their political problems could be solved through discussions.

He said Umno was prepared to resolve local political problems with a fanatical Muslim group in the country but this gesture had been rejected by the group.

Instead, this group was spreading its belief that it was better to die fighting.

Earlier, the Menteri Besar called on Umno members and Muslims in the State to beware of their "enemies" who were out to destroy Muslim unity.

He said the Barisan Nasional would not allow the Opposition parties to win a single seat in the State in the coming elections.

CSO: 4200/847

NEW ZEALAND

## LABOR PARTY WINS, CRITICISM OF FINANCE MINISTER REPORTED

Auckland THE NEW ZEALAND HERALD in English 18 Mar 85 p 5

[Article by Russell Hill]

[Text] The descendants of Porourangi had reason to be proud hosts at the weekend to the Labour Party's first delegate conference since the snap election last year.

Their contribution to the surprise election of a Labour MP for the East Cape was acknowledged with fitting gratitude by members of the party hierarchy.

Other delegates, too, allowed themselves some moments of self-congratulation because of the election results.

Labour's Waikato division now boasts five MPs, compared with only one before the election.

### Tenets

In addition, an excellent result for Labour in the latest opinion polls coincided nicely with the opening of the conference of the Porourangi Marae, beside the rising waters of the storm-fed Waipatu River.

The mood was far short of euphoric, however, as party and trade union delegates got down to business at the ancestral home of the Ngati-porou.

Many among them were reeling from the series of economic decisions by the Labour Government, which seemed to them to cut

rudely across the party's consultative apparatus and conflict with basic party tenets.

While not commenting directly on the second complaint, the party president, Margaret Wilson, agreed that the decisions were at variance with party policies.

### Least Militant

Accordingly, the conference rebuffed the Minister of Finance, Mr Douglas, and set in train a process which may put increasingly at risk his ability to continue on his present path.

Electorate organisations within Labour's Waikato region are among the least militant in the country, so the reception for Mr Douglas and his policies at Ruatoria suggests he will have an uncomfortable time at the remaining five conferences he has been asked to attend.

Mr Douglas had the ground well prepared for him in advance by the Prime Minister, Mr Lange, who asked delegates for forbearance for the Doug-

las experiments referred to by some as "Rogernomics," a reference to the Finance Minister's christian name.

And by the time the conference arrived at the 23 economic remits it had to consider, Mr Douglas seemed to have further strengthened his hand.

### Vulnerable

The Associate Minister of Finance, Mr Prebble, had been unexpectedly recruited and Mr Douglas himself was providing documentary support for his next initiative, the goods and services tax.

His paper argued that revenue from the tax would be ample to recompense the poor for the increased cost to them.

The tax is the only major element of Mr Douglas' policy still to be implemented, and thus still vulnerable to party pressure, and it was clear his main concern at the conference was the fate of the remits questioning the introduction of the value-added tax.

In the event, the conference narrowly voted down

a resolution that the tax not be introduced, to the obvious pleasure of its principal architect.

### Protection

Later, however, delegates struck decisively at an integral part of the measure, as it is envisaged by the Government, in resolving to oppose any tax on food or essential services.

The delegates then passed a series of remits advocating economic protection, such as price controls, and a programme of state-led investment.

Mr Douglas' critics forced the passage of a resolution: "That the Labour Party approve the 1984 budget as a temporary measure" and that "future budgets will be aimed at constructing a truly socialist economy."

On the face of it, the first stage of Labour's debate on the Government's economic policies was a rout for Mr Douglas which underscored the philosophical divisions within the party.

### Powerful

While thoroughly approving of Mr Lange, and, seemingly, every other aspect of the Government's operations, most delegates at Ruatoria did not share the Prime Minister's endorsement of a "radical" economic approach — and said so.

The depth of opposition to Mr Douglas at the conference was difficult to gauge, beyond the bare results of the remit discussions revealed after the in-committee economic debate.

Trade union delegates control a powerful proxy vote under the party's conference rules and a substantial section of the conference either supported Mr Douglas or was prepared to give his policies a chance to work.

To most observers, however, it seemed certain that the decisions made at Ruatoria would, if anything, be strengthened by the time the party's annual conference is held in Christchurch in August.

As left-wingers among the delegates pointed out, there was little likelihood that dissension in a predominantly rural section like the Waikato region would prove as determined or vocal as that now gaining ground in the party's urban strongholds of Auckland, Wellington and Christchurch.

CSO: 4200/868



NEW ZEALAND

LANGE MAKES UNPRECEDENTED SPEECH TO DISARMAMENT ENVOYS

Wellington THE EVENING POST in English 8 Mar 85 p 7

[Article by Peter O'Hara: "Disarmers Hail Lange's Speech"]

[Text] Geneva, March 5.--United Nations disarmament conference ambassadors were reported praising New Zealand's Prime Minister David Lange today after he gave a critical speech on the first occasion any head of government had addressed them.

Mr Lange also wound up the European leg of his two-week trip answering suggestions from Australian journalists that little remained of the Anzus pact. He said it would be "alive and kicking" if one of the partners was attacked.

The reception was restrained, but attentive, as delegates listened in the Palais des Nations to Mr Lange reiterate global dissatisfaction with failed attempts by the seven-year-old conference to reverse the nuclear arms race.

New Zealand is not a member of the 40-nation conference and observers speak from a position removed from the podium. After wrestling with protocol the conference gave their first head of government guest pride-of-place next to the presidential chair.

One delegate who had been sceptical before the address said later there was no doubt the majority of representatives judged it "brilliant."

"They thought they were with a man who had a sharp, clear idea of what he was about. He spoke simply and precisely."

## Enthusiasm

The disarmament conference has come under intense criticism in the past year for its lack of success, and the delegate said it received an injection of enthusiasm today.

There are few illusions in Geneva about the enormity of the disarmament task, and the many difficulties ahead.

But one diplomat said: "The more this sort of thing happens the better. The delegates saw a head of government pitting himself full-bore against nuclear weapons."

Adolfo Taylhardt, chairing the conference during Venezuela's month of presidency, gave Mr Lange a warm welcome, saying: "The important role of New Zealand in promoting the goals of disarmament and the contribution of the Prime Minister in the field are well known."

"That he is the first head of government to address the conference on disarmament speaks for itself."

Mr Taylhardt said he was "sure all members of the conference will follow the statement of the Prime

Minister with special attention."

## 'Bleak' year

Applauded at the end, the Prime Minister had said the conference "functioned poorly" in 1984 -- a "bleak" year for disarmament negotiations, particularly between the United States and Soviet Union.

New Zealand was specially concerned at the lack of any progress on a comprehensive nuclear-test-ban treaty, he said.

"We are a patient people but the absence of any progress last year in this conference towards the negotiation of a treaty was both frustrating and disappointing."

"The attainment of a verifiable comprehensive test ban treaty is a primary goal of my Government."

"If members of the conference are serious in their

commitment to a nuclear test ban and if they want to resolve the most important problems facing all of us they cannot let intransigence frustrate the reaching of consensus."

Mr Lange referred to US-USSR arms talks to be held soon in Geneva, saying it was New Zealand's deepest hope that genuine agreements would be reached on reducing nuclear weapons, "leading in the end to the complete elimination of nuclear weapons."

He said he wanted to correct misunderstandings about New Zealand's exclusion of nuclear weapons.

His country faced no external threat and "the possibility of intrusion by outside interests into the South Pacific is best met at this time by economic and social development and by friendly association within the region."

Concern about nuclear weapons had long been a public issue in New Zealand and was demonstrated again in last year's general election. "That concern compels action by the New Zealand Government."

Mr Lange said New Zealand had never been part of a global or regional nuclear strategy.

At a press conference attended by about 80 media representatives, Australian reporters asked Mr Lange to describe what was left of the Anzus alliance with the July council meeting scheduled for Canberra now postponed.

He maintained the alliance would still serve its primary function of meeting defence emergencies.

"You don't use a car insurance policy until the car hits a pole."

At the moment New Zealand was the "obvious fall guy" for United States "rhetoric."

On French nuclear tests, he said: "Regrettably they persist, irrespective of the socialist nature of their Government, because there is an overwhelming nationalism rampant in France."

## Final part

Mr Lange left Geneva tonight on the final part of a trip that opened in Los Angeles and now moves to Singapore and Malaysia.

The tour has changed dramatically in nature from the initial reason of taking part in an Oxford Union debate on nuclear weaponry with American Moral Majority leader Rev Jerry Falwell.

Rapid developments in the Anzus row have in the space of a week seen the Americans unveil plans to retaliate against New Zealand and then Australia announce the postponement of the council meeting.

Mr Lange learnt of the postponement through the media and he has had to quickly put responses together as the Anzus situation changes.

He said today he did not expect the Asean nations' grouping would take an "assertive" role in the nuclear argument.

Malaysia "has a stance which is concerned about nuclear proliferation and is trying to draw back from nuclear entrenchment in its region."

"I believe there will be profitable discussions in Malaysia."

He added: "There will be understanding in Singapore."

New Zealand will emphasise its links with Singapore by pointing to the armed forces deployment there. Mr Lange frequently reminded British audiences that their country did not have a military presence in Singapore but New Zealand did.

## Stability

He said today: "We will be able to show our commitment to regional stability."

On Wednesday Mr Lange meets Singapore's Lee Kuan Yew (he will be host at a barbecue for the New Zealand Prime Minister.) In Malaysia the New Zealand party will include in its programme a helicopter ride to a jungle training area for soldiers.

Mr Lange called on GATT (General Agreement on Tariffs and Trade) general director Arthur Dunkel.

Mr Lange said they talked about steps to promote a round of talks "that will have to have agriculture as a basic part of its agenda." — NZPA.

NEW ZEALAND

AUCKLAND PAPER'S REPORT ON LANGE OXFORD DEBATE

Auckland THE NEW ZEALAND HERALD in English 4 Mar 85 p 11

[Article: "Logic of Deterrence Irrational--PM"]

[Text]

**NZPA Oxford**  
The Prime Minister, Mr Lange, hopes all countries in the South Pacific will soon ask the nuclear powers to keep their weapons out of the region.  
Mr Lange said this at the weekend when arguing for the affirmative in the Oxford Union debate on the subject: "That Nuclear Weapons are Morally Indefensible."  
It made no sense for New Zealand to ask allies to deter enemies which did not exist with the threat of nuclear weapons, the Prime Minister said.  
It made no sense for a region which was the most stable in the world to allow itself to become a strategic arena for the nuclear powers.  
**Pervert**  
"Having considered all this, the people of New Zealand reached a straightforward conclusion: the nuclear weapons which deterred them caused them more alarm than any which threatened them," he said.  
"It was accordingly pointless to be defended, by effort to find a military installation, or any sign of military activity."  
In the course of his address, he said there was

no moral case for nuclear weapons, the best defence for their existence and the threat of their use being that they were a necessary evil.

"I hold that the character of nuclear weapons is such that their existence corrupts the best of intentions; that the means in fact pervert the end," he said.  
"I hold that their character is such that they have brought us to the greatest of all perversions — the belief that this evil is necessary when in fact it is not."

**Terrorises**

He said there was a quality of irrationality about nuclear weapons which did not sit well with good intentions.

"A system of defence serves its purpose if it guarantees the security of those it protects," the Prime Minister said. A system of nuclear defence "guarantees only insecurity."

"The means of defence terrorises as much as the threat of attack," he said.

While in Europe it was impossible to be unaware of the intensity of military preparedness, in New Zealand the visitor must make an effort to find a military installation, or any sign of military activity.

**Annihilation**

"There is no imperative in New Zealand to prepare for war; the result is that I feel safer in Wellington than I ever could do in London or New York," Mr Lange said.

There was only one thing "as terrifying as nuclear weapons pointed in your direction, and that is the nuclear weapon pointed in your enemy's direction," he said.

The outcome of their use would be the same in either case — "and that is the annihilation of you and all of us."

Living in fear of nuclear weapons was "a community of interest which binds us all."

"It is common ground enough for all of us to wish to see elimination of all nuclear weapons — yet nuclear weapons proliferate," he said.

**Easy**

"They govern us. Their existence diverts attention from the fact that there are other ways of resolving the difficulties and tensions which will always abound in the world."

"Nuclear weapons are not needed."

In New Zealand it was easy to accept that there was no need for nuclear

weapons.

"The collisions and confrontations which take place in Europe are very far from us," Mr Lange said.

New Zealand faces no threat. New Zealand went to war several times this century, but never because the country was attacked.

**No Sense**

"It makes no sense for a country which faces no threat to seek to surround itself with nuclear weapons," he said.

"It makes no sense for that country to ask its allies to deter enemies which do not yet exist with the threat of nuclear weapons."

"It makes no sense for a region which is the most stable in the world to allow itself to become a strategic arena for the nuclear powers."

In the South Pacific, it was not difficult to achieve the balance of force which "allows you cheerfully to dispense with nuclear weapons."

"If you remove the nuclear weapons of your friends and allies, you put all the nuclear powers on the same footing," he said.

"In the South Pacific there is at this moment the chance to turn from the inhuman logic of nuclear weapons, to stand aside

from the irrationality of the arms race and the doctrines of nuclear confrontation.

"The Government of New Zealand has excluded nuclear weapons from New Zealand.

"More than that, I hope that it and other governments in the South Pacific will shortly ask all the nuclear powers to honour a South Pacific nuclear-free zone.

"New Zealand has done that while honouring its longstanding commitment to the conventional defence of the South Pacific; to the economic and social development of the South Pacific, and to the security of South-east Asia."

Mr Lange said New Zealand was not and never had been part of the strategic defences of the West.

### **Undesirable**

"The nuclear weapons which our allies have in the past brought to New Zealand are tactical weapons," he said.

"It is our view in New Zealand that being part of somebody else's tactical nuclear battle is as undesirable as being part of somebody else's strategic nuclear battle.

"The decision of the New Zealand Government in no

way weakened the deterrent power of the Western alliance, yet we have been accused of undermining the West and giving comfort to the Soviet bloc.

"We have been told by officials of the United States Administration that our decision is not, as they put it, to be cost-free; that we are in fact to be made to pay for our action, not by our enemies but by our friends.

"We are to be made an example of; we are to be ostracised and anathematised until we are compelled to resume our seat in the dress circle of the nuclear theatre.

### **Decide**

"We have been told that because others in the West carry the fearful burden of a defence which terrorises as much as the threat, we too must carry that burden.

"We are actually told that New Zealanders cannot decide for themselves how to defend New Zealand, but are obliged to adopt the methods which others use to defend themselves," the Prime Minister said.

Mr Lange referred to the case against nuclear weapons free zones made recently by Lord Carrington, secretary-general of Nato, who argued that if the

people of the United States found themselves bearing the burden alone, they would tire of bearing it.

"That is exactly the point," Mr Lange said. "Genuine agreements about the control of nuclear weapons do not cede the advantage to one side or the other: they enhance security, they do not diminish it.

"If such arrangements can be made and such agreements reached, then those who remain outside those arrangements might well and truly tire of their insecurity.

### **Humanity**

"They will reject the logic of the weapon and assert their essential humanity. They will look for arms control agreements which are real and verifiable."

The Prime Minister said there was no humanity in the logic which held that New Zealand must be obliged to play host to nuclear weapons because others in the West were playing host to nuclear weapons.

### **No Better**

"That is the logic which refuses to admit there is any alternative to nuclear weapons, when plainly there is," he said.

"It is a self-defeating logic, just as the weapons themselves are self-defeating.

"To compel an ally to accept nuclear weapons against the wishes of that ally is to take the moral position of totalitarianism, which allows for no self-determination.

Mr Lange said the great strength of the West lay not in the force of arms but in its free and democratic systems of government.

"That is why, in spite of all the difficulties New Zealand has got into with our friends and allies, I am not disheartened," he said.

### **Any Line**

"I am here and I can say freely whatever I please, just as any members of the [British] Government would be welcome in New Zealand to expound any line of argument in any form she cared to use.

"That is the true strength of the West. It is a strength which is threatened, not defended, by nuclear weapons."

NEW ZEALAND

SUP PAPER PROPOSES NONALIGNMENT AS ANZUS ALTERNATIVE

Auckland NEW ZEALAND TRIBUNE in English 4 Mar 85 p 12

[Commentary; "We're Backing David Against 'Goliath'"]

[Text]

**"CONTROLLED economies are not the American way, not the way of peace. The whole world should adopt the American system, which can survive only if it becomes a world system." These were the words of American President, Harry Truman, in 1947.**

The present American Administration may have become a little more subtle in its language but its intentions remain the same: The overthrow of all that opposes the American way. This means the overthrow of socialism.

It has falsely accused its World War Two ally, the Soviet Union, of being a threat to the world and has used this lie to carry on an arms race designed to ruin the Soviet economy and eventually physically destroy that country.

New Zealand's refusal to play this deadly game has brought forth a huge playground tantrum from the US. With commendable calm and dignity, our Prime Minister, David Lange, is refusing to bow to US bullying. He continues to affirm the friendship between the New Zealand and American peoples. This friendship is born out by the positive response New Zealand has had from American citizens to its decision to ban nuclear warships.

Many people in New Zealand welcome the opportunity United States pressure gives us to look at alternatives to ANZUS, which the US clearly sees as a part of the nuclear war-machine.

An Auckland Conference (April 12,13, at Hato Pefera College, Northcote) will look at the alternatives of non-alignment, armed neutrality

and positive neutrality.

Non-alignment has been chosen by 101 countries—two thirds of the world. Its objectives are those of the United Nations Charter—mutual respect for territorial integrity and sovereignty, non-aggression, non-interference in the internal affairs of others, equality and mutual benefit, peaceful coexistence between states with differing political systems. It opposes monopoly big business and seeks to establish economic cooperation between developing countries in every field.

Non-alignment is not pacifism, nor is it a way of distancing one's country from world problems. It does not seek to put countries at an equal distance from the US and the USSR. Countries in the Non-Aligned Movement take a rational approach to foreign affairs. They weigh up the actions of great powers against the principles of the Non-Aligned Movement. The fact that these principles are seldom breached by socialist countries says a great deal for socialism.

For more information about the Alternatives to ANZUS Conference, phone 799 747 or write to North Shore Peace Group, PO Box 85 098, Sunnynook, Auckland 10. ■

CSO: 4200/795

NEW ZEALAND

SOCIALIST UNITY PARTY LAUDS LANGE, HITS U.S. ON ANZUS

Auckland NEW ZEALAND TRIBUNE in English 4 Mar 85 p 2

[Editorial: "A Moral Stand"]

[Text]

**NEW ZEALAND is developing its own nuclear stand, approved of by an overwhelming majority of her population.**

David Lange is a true representative of the New Zealand people as he takes this message to the world.

This policy does not challenge ANZUS.

As New Zealand's Roman Catholic Cardinal, Tom Williams, has stated, our decision to ban nuclear ships from our ports is a moral issue.

David Lange and others in his team made this clear in the Oxford debate while the Reverend Jerry Falwell and his team failed miserably in their attempt to prove the morality of nuclear weapons. It is not surprising that an attempt was made by the United States to change the topic.

New Zealand's moral stand on the most repugnant weapons ever invented by man is no threat to anyone. On the contrary, it is a positive contribution to world peace and to greater security. It is not inconsistent with our responsibilities under the ANZUS pact.

ANZUS does no more than commit its signatories to look at their responsibilities towards any of their partners which are in danger, in terms of their own constitutions. In punishing New Zealand for refusing to allow US nuclear-armed ships into her ports, America is not adhering to its own constitution and is ignoring New Zealand's sovereign rights as a nation.

In terms of ANZUS, in fact it is the United States which is threatening New Zealand's security. ANZUS was set up for the protection of New Zealand and Australia against the remilitarisation of Japan. Now the United States—the most powerful signatory to the treaty, is doing its best to re-arm Japan, thus posing a threat to the whole Pacific basin.

How much the United States is prepared to respect the wishes of another country's people can be seen in the

tiny Micronesian nation of Belau, where, against the wishes of more than three quarters of the Belauan people, the US has pushed an act through their parliament allowing US weapons to be placed on Belauan soil.

It is also clear from US manipulation of the ASEAN economic treaty into a military treaty, that the US regards its pacts with other countries more as instruments of interference than as gestures of friendship.

The United States has been interfering in the New Zealand economy for many years, through ANZUS, the International Monetary Fund, American-based monopoly in New Zealand and trade. Its Administration is now creating a climate where it encourages American organisations to do the boycotting of New Zealand goods. This manipulation of the US public is something that President Reagan, with the help of the media, does very well, as the wave of anti-socialist hysteria during the Olympic games proved.

American actions have put up interest rates and are destabilising countries all over the world. In this climate of insecurity and instability, New Zealand has taken a step which other countries can follow, a step which can lead the world out of the insanity of the arms race and into a more just economic and political order. ■

CSO: 4200/795

NEW ZEALAND

DAILY ANALYZES PROBLEMS WITH NATIONAL PARTY

Wellington THE EVENING POST in English 14 Mar 85 p 6

[Editorial: "National Party in Deep Trouble"]

[Text]

THE NATIONAL PARTY is in trouble.

The major party in the Opposition should be reaping the benefit of the difficulties facing the Government. Instead, National is seen to have its own worries.

Seeds of the problems have been growing for years as the party, caucus and National cabinet acquiesced in more and more interventionist controls contrary to free enterprise principles. Discontent with that and the then leadership had numerous supporters turn away. Many even joined or voted for the New Zealand Party which campaigned on liberal free enterprise.

That new party's leader, Mr Bob Jones, claims that all of their election economic policy has been actioned by the Labour Government even though such policies were not in Labour's manifesto. Next election will see the New Zealand Party making social reform and National its main targets. Given what happened last election National should be worried.

Today's National front benchers must be identified as failing to insist upon adherence to party principles. They did not heed the warnings of colleague Mr Derek Quigley. They have to accept some of the responsibility for the consequences.

Attacks against the party organisation, leadership and performance are coming from within National. Supporters are said to be leaving disillusioned. If so, there are obvious financial implications for the party so soon after the expense of a general election.

The Deputy Prime Minister, Mr Palmer, at a recent function spoke of the news media being a more effective Opposition than the real thing.

Some of the discontented National Party members who have formed so-called Sunday Club groups are to contest office within the party to promote their aims. A spokesman's explanation that National never had a better opportunity than now to capitalise on the Labour Government's "atrocious" handling of the economy illustrates some of the problems of National.

As we have already commented following debate in Parliament on the float of the dollar, the Labour Government has actioned free enterprise principles National used to talk about but allowed to lapse. Are National MPs now to attack those principles being put to work? That seems to be what the Sunday Club reformers want even though they also require future leaders to adhere to the party's principles.



The Sunday Club members are said by their spokesman to believe that former leader Sir Robert Muldoon would do a better job than his successor, Mr McLay. If bringing back Sir Robert is what the reformers want then they have not learnt any lessons from the recent past.

The numerical strength of the Sunday Club dissidents is questionable but difficulties for National are obvious, regardless of that.

National's Dominion council meets next month and is likely then to consider a report on a thorough review of the party and its problems and opportunities. The party conference in July may also lead to a further shake-up and a start to restoring confidence and support.

The problems are too deep-seated for any simple cure. Public relations magic will not be enough. How frustrating for an Opposition to find itself coping with internal trouble when the Government is such a large target. Old hands in Labour would know about that kind of frustration.

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NEW ZEALAND

AGRICULTURE MINISTER ON NUCLEAR BAN ACCEPTANCE

Wellington THE EVENING POST in English 15 Mar 85 p 1

[Article by Peter O'Hara]

[Text]

LONDON, March 14. — Global acceptance of New Zealand's anti-nuclear policy was claimed by the Minister of Agriculture, Mr Moyle, today.

"Absolute assurances" have been given by the United States that there will not be any trade action detrimental to New Zealand as a repercussion of Wellington's defence stance, Mr Moyle also said in an interview here.

"The acceptance of New Zealand's attitudes and policy in respect of entry of nuclear vessels is recognised now ... by the world.

"We have firm assurances from the United States that there will not be any actions detrimental to New Zealand in the trade area — absolute assurances.

## Favours

"I frankly cannot see any other signs anywhere else in the world of any such action taking place."

Selling of goods had "very little to do with nuclear questions or

favours or anything else," he said.

"If you've got the product and you do your marketing right, and your product development right, you'll sell your goods," he said.

Mr Moyle denied reports from industry sources that New Zealand-EEC relations are in a frosty phase over cheap butter sales and in the wake of near total collapse of international dairy co-operation.

He said today — after talks with his British counterpart, Mr Michael Jopling — co-operation with the EEC was "pretty healthy."

The United States and Austria have withdrawn from the international arrangement on dairy co-operation (IDA) and fears were just allayed last week that Norway and Sweden would follow suit. The arrangement includes minimum prices and Austria says it can not observe those restrictions and keep making a living from its milk products.

Meanwhile New Zealand's recent competitive sale of 26,000 tonnes of butter to Algeria has, according to one official, "left a lot of bad humour in Brussels."

The Dairy Board also sold a

small amount of cheap butter to the Soviet Union.

## Emotional

"There were very emotional reactions from certain quarters in Brussels — they got steamed up," the official said.

In going below international minimum prices New Zealand is using an exemption given by the Gatt (General Agreement on Tariffs and Trade) in Geneva. The derogation was agreed because the EEC itself had already breached minimum prices with sales to the Soviet Union. Other countries were allowed to protect markets.

However, the Algerian sale incensed the French who feel New Zealand has undercut them in their own backyard.

Mr Moyle said: "Perhaps the EEC feels New Zealand is impinging on what was traditionally European territory.

"There have been a few bumps over the disposal to Russia and things like that. But out of that situation we see some real signs there is a recognition one must co-operate."

NEW ZEALAND

PAPER FINDS TRADE NOT HURT BY NUCLEAR SHIP BAN

Wellington THE EVENING POST in English 14 Mar 85 p 2

[Article by John N. Hutchison]

[Text] Is New Zealand trade suffering from the current chilly government relations over nuclear weapons?

The answer, distilled from conversations with importers, distributors and New Zealand Government officials here and in Los Angeles, seems to be a qualified "not very much," with the added, "so far, anyway."

Reports of actual loss of sales are rare, and not clearly attributable in news sources where comment is forthcoming, to the governmental dispute.

Some traders have been targets of what a New Zealand official described as "harsh remarks" and there are isolated instances of loss or cancellation of sales. Threats of halts to business with New Zealand suppliers have been made but not carried out.

There are instances of postponement or abandonment of plans to promote and advertise some New Zealand foods, but the "pullbacks" may have been mainly influenced by the inability of New Zealand suppliers to share the costs of such campaigns, which must be funded with high-priced US dollars.

The New Zealand trade commissioner here, Mr Chris Gorton, reports that "generally, there has not been a serious problem, although at the retailer level there has been some drawing away in promotion."

He said that the situation is not one which should discourage traders from pursuing markets here.

Letters

In Los Angeles, Mr Peter Heenan, consul general for New Zealand, said that criticism of New Zealand had been largely at the individual level: "There have been a few letters and phone calls from people saying they would not buy from or travel to New Zealand." He said he had not seen significant reaction in actual trading.

An American who trades in a range of New Zealand food products acknowledged that some of his retailer customers have the feeling that New Zealand identification might have a negative effect. "So they say, 'why take the risk?'" But he added that "the attitude seems to be dying down a little."

A New Zealander whose company trademark is "Zealandia" reported from Seattle, Washington, that he had had many indignant reactions to the Labour Government's nuclear policy but that it had no actual effect on trade in his sheepskin and other products.

Mr Brian McGinty attributed the scoldings to American patriotic reflexes.

A major marketer of New Zealand seafood said he had been assured by his company's largest customer that the United States-New Zealand controversy will have no influence on its purchases.

#### Resentment

In Los Angeles, New Zealand Trade Commissioner Gavin Thompson said that individual resentment against the new government position had not been translated into adversity in distribution and sales and that he expected none.

Some people speculated on whether American dairy, beef and sheep lobbies might seize on the New Zealand policies as grounds for import restrictions.

But the trade situation here is not under the strains which New Zealand suppliers and public may associate with it.

CSO: 4200/860

NEW ZEALAND

## NAVAL EXPERT CRITICIZES ANTINUCLEAR POLICY

Auckland THE NEW ZEALAND HERALD in English 4 Mar 85 p 6

[Article by Captain Ian Bradley RNZN (Retired): "Government Unwilling to Confront Military Responsibilities"]

[Editor's Note: "Captain Bradley, RNZN (Retd) author of this article, is noted for his articulate and sometimes outspoken views on naval defence, which led to his being relieved of his command of HMNZS Philomel in 1980. An expert in undersea warfare, Captain Bradley continues to criticise defence planning and the bureaucracy. He believes that the New Zealand armed forces must be trained to meet the requirements of the nuclear age, whether nuclear weapons are based here or not."]

[Text]

**A former chief of the Defence Staff, Air Vice-Marshal Sir Richard Bolt, recently gave his views on the situation New Zealand faces as a result of the Government's ban on nuclear-armed or capable vessels. The Prime Minister has since been informed of further moves by the United States which aim to get New Zealand to change its stance.**

The moves, despite their severity, have been widely forecast. The statement by the Leader of the Opposition, Mr McLay, that New Zealand is now "defenceless," demonstrates either a lack of confidence in the capabilities of New Zealand armed forces or blatant scaremongering.

Unfortunately the Labour Government, despite its commendable restraint in dealing with the foreign policy aspects of its chosen policy, has also demonstrated a lack of

understanding of the place of the military in the discharge of such policy.

Morale in the armed forces is low at a time when it needs to be high. The Government must now take steps to correct this situation.

### ***Efficiency At Risk***

Sir Richard Bolt's views are probably shared by the majority of the present military hierarchy and are worthy of consideration on that score alone.

The latest moves by the United States Administration, to sever exercise links with the main units of New Zealand's armed forces, poses a serious threat to our operational efficiency.

I am as concerned as Sir Richard, not necessarily because I agree with the Government's policy, or, indeed, with that of the previous Government, but because I see a polarisation of thought that can do little to remedy an unfortunate situation.

The argument can be

advanced that the situation we are in is not so much caused by the United States but by our own use of nuclear visits to further domestic political aims.

The National Government, it was revealed by the United States Embassy last year, was responsible for promoting the visits of nuclear vessels, although there was never any operational requirement to do so and exercises with our own units were for the sake of appearances only.

The idea one presumes was to defuse the peace movement. The aim was not achieved; indeed, it helped National to defeat in the last election.

It would seem unlikely that New Zealand policy will be changed by the actions of the United States, which one hopes are based on sincere concern regarding the so-called domino effect of our nuclear-free policy, and not on some belief that it would be right or even possible to effect a change in New Zealand's Government.

I have served in nuclear-powered and presumably armed ships of both the United States and Royal Navies, and I was responsible, on one memorable occasion, for forcing a passage into Auckland Harbour for a nuclear submarine.

## **Government Policies**

I had no concern for my own safety on account of the nuclear aspect of these exercises and I am saddened by a decision that means, as Sir Richard pointed out, that we have effectively barred our ports to visits from any modern warships of a nuclear nation, unless and until they change their policy on disclosure.

On the other hand the people of this country have elected a Government which said that it was going to do something, and which has done it.

It is now the duty of the Ministry of Defence to carry out its tasks in accordance with Government policy, and I for one would like to see some evidence that this is, in fact, the case.

The Prime Minister has enunciated a policy regarding nuclear visits which is clear and unequivocal, although one suspects that he personally would rather it were not

quite as rigid as it has turned out.

On the other hand, he and his cabinet have displayed an ignorance of military matters which is ominous and which has already caused concern within the hierarchy.

The Prime Minister repeatedly assured the nation that the exercises which had been cancelled were not of operational significance.

The fact is that Exercise Sea Eagle was of operational significance, despite the fact that the National Government did not send a ship to last year's exercise, which was not cancelled in our absence.

The Sea Eagle exercises are sponsored by the Australians and this year's edition was cancelled by them, albeit under pressure.

It should also be noted that no ship visits were requested or made by the United States Navy for Sea Eagle of 1983 or 1984.

Furthermore, a report has been issued to the effect that this year's exercise has been reinstated under a different name with HMNZS Canterbury being excluded.

No matter what the Prime Minister says, this will affect her operational capability.

In addition to this, a major naval control of shipping exercise has been cancelled which, in turn, means that our naval reserve cannot practise its primary role, and various smaller exercises and seminars have been postponed.

The only one which one can say with certainty will have no effect on our capability was the cancellation of the visit of the MPs to Honolulu.

## **Contingency Plans**

These matters should cause concern. Even if carried out for reasons which have nothing to do

with the actual ban but more to do with other people's reactions to it, they should have been anticipated and contingency plans drawn up.

The Prime Minister has repeatedly stated that he expected this kind of reaction and the Leader of the Opposition has repeatedly predicted doom and despondency.

In this situation the correct procedure for the Government's advisers was to have presented them with a plan by which this country's security could be safeguarded.

The briefing papers released by the Government emanating from the ministry, showed the depth of concern felt by it in the event of United States retaliation and one would have hoped that they went one step further to plan to meet such a contingency.

Australia and the United States are not the only countries which operate navies in our area of concern.

Let us remember that when we talk of operational capability we are talking in terms of single ships and one or two aircraft at a time.

As an example, the Indian Navy operates ships of the same class and even has a few Soviet-built submarines to practise on. There are others.

One of the results of our being "sent to Coventry" is that defence may cost more but that is a cost which should already have been taken into account.

It is hard to see how the Royal Australian Navy could refuse to exercise with us, and it uses the same ships and equipment as the United States Navy.

The French withdrew from Nato some years ago and now possess a rather stronger navy than Mrs Thatcher's.

There are alternatives and we should be hearing about them.

## **Loyalty Is Necessary**

I do not accept the contention that the Government's failure to accept the advice of its professional advisers means that the latter should resign.

Indeed, it is unlikely for they have shown little inclination to do so in the past when ship purchases were cancelled and aircraft not ordered. In this hour of need they should demonstrate their loyalty and devotion to the cause.

Another contention which I find hard to accept is Sir Richard's thesis that our previous stance advanced the cause of disarmament.

There is now a suggestion, from transcripts released by the CIA, that the Soviet build-up is not quite what we have been led to believe.

The Government's stance has at least ensured that we are being taken notice of and it is ridiculous to suppose that we are likely to reverse the situation "the point having been made."

The National Party turned its face against public opinion by announcing, after no discussion whatsoever, much in the way it conducted the so-called defence debate when in office, a policy designed to appeal to a minority of New Zealanders, if at all — a point Sir Richard acknowledges.

I would prefer that we take stock of public opinion and try to work out a defence policy that will suit our circumstances; indeed, I called for an all-party approach four years ago.

The major problem in the short term, and the true reason for the manpower crisis in the armed services, is not Anzus but the perception that this Government does not understand nor is willing to learn about its military responsibilities.

Mr Lange did not endear himself to the military when he announced the cancellation of the submarine project.

However ill-advised this project was in the first place — and the championing of the cause by the Opposition Defence Spokesman did Mr Kidd's credibility little good — it was nevertheless a gaffe, for no one had told the Chief of Naval Staff.

There have been other instances, notably in connection with guards of honour, where the service chiefs have had their noses put out of joint.

Perhaps the most serious implication for the future is contained in Mr Lange's pronouncements about "conventional exercises."

These demonstrate a complete misunderstanding as to what actually goes on in a military exercise, circa 1985. The Minister of Defence has added to the unease by his own rather gauche statements on his portfolio.

Modern maritime warfare encompasses the nuclear philosophy and cannot be separated from it. In a fleet or convoy situation the first line of defence against submarine attack, or even surface attack, is the fleet submarine.

Fleet submarines are nuclear-powered and are thus able to patrol ahead of the fleet itself. Conventional submarines cannot

be used in this role.

Secondly, the nuclear depth-bomb has been part of the anti-submarine arsenal for over 20 years. It was developed in response to the problem created by the inaccuracy of submarine detection systems and merely provides a bigger bang.

Finally, the fleet itself is prepared for, and expects to be put under nuclear attack let alone chemical and biological assault.

We expect and train for these eventualities because it would be unrealistic not to do so.

### **Professional Performance**

On a unit-for-unit basis the New Zealand armed forces are as professional as any in Anzus and severing links with them is merely cutting off one's nose to spite one's face. I am sure that the professional military men in the United States armed forces are as appalled at what has happened as our own.

Indeed, as far as the Royal New Zealand Navy is concerned the links with the United States Navy are very strong and probably stronger than those with the Royal Australian Navy.

As a result of this close relationship an RNZN frigate has no difficulty integrating with a USN squadron and indeed our own Chief of Naval Staff commanded HMNZS Can-

terbury on a USN attachment some years ago.

I have operated with American units under their command and commanded their units in turn.

In the not so distant past an American naval officer commanded the RNZAF's Maritime Squadron, so the links will probably survive the bumbling politicians. One would sincerely hope so.

As for intelligence, the Prime Minister has pointed out, quite correctly, that this is a two-way street and the United States will definitely lose more by it than we would, and they do have short memories.

It is not many years since this country stood alongside the Anzus allies in Vietnam despite the then Prime Minister's reservations about the likely outcome. He was proved correct.

An almost comic touch has been provided by Mrs Thatcher. The Royal New Zealand Navy continues to operate ex-Royal Navy ships, despite the parlous state in which they are usually received. Yet our only recent operational experience with Royal Navy units was in support of Mrs Thatcher's Falklands War. She, too, has a rather short memory.

Her comments about Royal Navy ships being "at a moment's notice for Nato" rather underestimates the time it takes to

get there from here on the odd occasion that the Royal Navy ventures this far.

On the last visit the flagship, HMS Invincible, broke down, and was promptly refused admission to dry dock in Sydney because she was nuclear capable, or had we all forgotten?

### **Capability Question**

I will defend the right of the Government to determine whether we will permit nuclear-capable ships into our ports, but I cannot accept that our maritime forces can be expected to remain operationally capable if denied the opportunity and equipment to enable them to train in a realistic environment.

The die having been cast, it is now up to the Government to demonstrate to the military that it is serious in its foreign policy and supports the maintenance of strong and efficient armed forces.

The armed forces must, in their turn, demonstrate that they are mature and will not collapse because the Anzus prop is removed even temporarily.

It is their greatest challenge since the Second World War and a great deal more exciting than having to implement the last two reviews of defence which are now even less relevant than they were.

NEW ZEALAND

OPPOSITION LEADER ATTACKS LABOR GOVERNMENT ON ECONOMY

Auckland THE NEW ZEALAND HERALD in English 14 Mar 85 p 5

[Text] NZPA Wellington--Time is running out for Labour and all the goodwill of last year has been expended, the Leader of the Opposition, Mr McLay, told Parliament yesterday.

Mr McLay claimed that the Government had lost the confidence of the House and country and he cited rising food prices, high interest rates, industrial relations and the Anzus dispute.

But an Associate Minister of Finance, Mr Prebble, dismissed a proposed motion of no confidence from Mr McLay as a "pompous, arrogant and prissy put-down."

Mr McLay said New Zealanders were angry that the Lange Government had been responsible for higher rates of inflation and a total unwillingness to deal with strikes.

"We are sick and tired of a Prime Minister who at the moment is spending more time out of the country than in it. A man possessed of his own self-importance."

Mr McLay said Labour had broken its promise to control prices. Food prices had risen by 3.7 percent in the last two months, he said.

Interest rates had reached the highest level in the country's history. The Government was borrowing money at more than 18 percent per annum.

Banana

Rates for overnight money had reached 1000 percent and had now slipped back to 750 percent. Borrowing interest rates for houses was reaching 38 percent per annum, he said. Overdraft rates were quoted at 30 percent.

"Banana republic figures. That's what this Government has done to this country in a short period of time.

"The people who voted for a Labour Government in July of last year did not vote for interest rates whether they be 18 percent, 38 percent, 55, 100, 500 or 1000 percent. Interest rates at that level are nothing short of criminal."



Mr McLay said the Government had utterly and completely failed in its fundamental obligations to ensure the security, the freedom and defence of New Zealand.

Whatever mandate the Labour Government might claim for its ban on nuclear ship visits, it had no mandate to curtail the Anzus treaty or to render it inoperative, he said.

Mr Prebble said the Government's policies were succeeding.

A debt of \$14,000 million had been passed on to a Labour Government by the Muldoon Administration.

The country was no longer on its "borrow, borrow, borrow" track the previous Government had been on.

Mr Prebble described Mr McLay's motion as puerile and said his speech had been a "pompous, arrogant and prissy put-down."

He said Mr McLay was obsessed by the Anzus issue and would be using his taxpayer-paid annual trip overseas to denounce New Zealand.

The Opposition finance spokesman, the Hon Bill Birch, said that before the last election, building societies had been lending at 10 to 11 percent on first mortgages--today that rate was more than 20 percent.

Small-business people who needed to finance to expand were paying 8 percent more than previously.

Hysterical

The Reserve Bank had realised the high rates were permanently damaging New Zealanders who wanted to borrow. The result was that the bank had to put back into the money market nearly as much as it had taken out in the last four months to bring down interest rates.

"So much for their monetary policy," said Mr Birch.

CSO: 4200/860

NEW ZEALAND

PRIME MINISTER DEFENDS FREE MARKET FORCES

Auckland THE NEW ZEALAND HERALD in English 16 Mar 85 p 1

[Article by Russell Hill]

[Text] Ruatoria--The Prime Minister, Mr Lange, opened the Labour Party debate on the Government's economic policy last night with a determined defence of free market forces.

Making few concessions to the left wing of the party, Mr Lange said the welfare state and the income tax system which supported it had bred many inequalities which only a radical approach could remove.

The Government did not fit any "ideological pigeonhole," he said, but was looking for answers which would work for New Zealand.

Badly Off

Delivering the keynote speech to the party's Walkato regional conference, Mr Lange conceded that the new approach was inflicting agony on some and that there was more pain to follow.

"We have been living beyond our means for years and we are only just coming to terms on how badly off we are," he said.

But Mr Lange said market forces, together with soft protective devices such as compulsory unionism, would deliver a fair share of resources to other sections of the community.

We are on the way now towards an economy which will provide paid employment for everybody who wants it, a fair return for people who work for their income and a decent standard of living for those who cannot work," he said.

Mr Lange acknowledged reservations within the party about aspects of the economic policies developed by the Minister of Finance, Mr Douglas.

But the Prime Minister gave no indication of a shift towards greater state involvement.

## Reduced

The Government had set a course, he said, adding that "in some ways the character of this Labour Government is already formed."

Criticising aspects of the welfare state as a cause of inequality, Mr Lange said people in low socio-economic groups now had reduced access to university education and health services.

The Labour Party must ask itself whether it was seriously committed to a redistribution of wealth.

"If we are, we must be willing to be radical, to do here what has not been done before," said Mr Lange.

It was clear that in some instances market forces were best.

Farmers would direct their efforts at the market not at the subsidies, and manufacturers would produce what would sell, not what was protected.

## Utterly Wasted

"We intend to let the market do what it does well," said Mr Lange. "We will prevent it from doing what it does badly."

Revenue from the goods and services tax to be introduced next year would be utterly wasted, he said, if it was thrown into a bottomless pit of services and benefits which each year meet their original purposes less and less, while costing us more and more."

CSO: 4200/860

15 May 1985

## NEW ZEALAND

## REACTION TO MARCH 85 DOLLAR FLOAT

## Auckland Daily in Favor

Auckland THE NEW ZEALAND HERALD in English 4 Mar 85 p 6

[Editorial: "A Risk Worth Taking"]

[Text] In deciding to adopt a relatively free float of the New Zealand dollar, the Government has taken something of a gamble. A series of official preparations, such as the multiplication of foreign exchange dealerships and the establishment of direct investment abroad, indicated that some sort of float was inevitable.

Informed speculation during the last few months has, therefore, concentrated not on whether the float would occur, but on whether it would be managed or free, and when it would happen. In taking the bold option, the Government has exposed our small and somewhat fragile economy to risk. But the Reserve Bank at least has the power to enter the market if exchange rate adjustments become unacceptable volatile.

Once maintained, freely floating exchange rates could make a significant contribution to internal economic stability and exert a moderating effect on domestic interest rates. They will also ensure that the risks of changes in exchange rates are shifted from the taxpayer to currency traders.

As the country's exchange traders gain experience during the initial stages of the float, the overseas money market could well be confused. That should not cause undue alarm. On balance, the freeing of the exchange rate looks to be a risk worth taking.

## Unions Object 'Bitterly'

Auckland THE NEW ZEALAND HERALD in English 5 Mar 85 p 1

[Text]

The Government's decision to float the dollar has sparked a new crisis in its relations with the union movement and the

move could be the death blow to prospects of a continued accord on wage restraints this year.

15 May 1985

Officials of the Federation of Labour and the Combined State Unions met to discuss the Government's action almost as soon as the dollar was floated on foreign exchange markets yesterday.

They later issued a joint statement declaring themselves "in dispute with the Government" on the whole thrust of Labour's economic management and saying the latest move had brought their relationship to "something of a crisis."

#### Consultation

Urgent meetings of the full executive committee of both organisations will be called to decide the union movement's reaction, said the statement from the CSU chairman, Mr Ron Burgess, and the vice-president of the FOL, Mrs Sonja Davies.

They objected bitterly to

the lack of consultation on the principles of a floating exchange rate.

"We now have grave doubts that it is possible to operate a stable and agreed prices and incomes policy," they said.

In response yesterday, the Minister of Finance, Mr Douglas, said, "the time is now ripe for Treasury ministers to meet the FOL and CSU for a full exchange of views about policy."

He said it was obviously impossible to consult the unions or any outside organisation before floating the currency. "That would simply have invited exactly the kind of market speculation they do not want to see and which it is my job to prevent wherever possible," he said.

But the unions said they were "in dispute with the Government on the wider

question of the economic policy framework."

The unions said Government strategy was not a fair and balanced approach to sharing the burdens of economic adjustment.

While wages were being negotiated under restraints and threats of Government intervention, prices, rents and interest rates had been almost completely decontrolled.

#### Eroded

Now foreign exchange markets had been completely opened up and the value of the New Zealand dollar would alter at the whim of currency traders.

"When speculators force a devaluation, prices rise and living standards are eroded," they said.

The cost of imported goods and components would rise, while higher

international prices for items like meat and dairy products would lift the cost of those goods on the domestic market.

"The price of foreign exchange is the single most important price in the New Zealand economy," the FOL and CSU officials said.

#### Weekly

"The movements in these prices ... will be determined by financiers who are not even involved in any negotiations on prices and incomes.

"This means that we would never know other than on a week-by-week basis what level of wage adjustment is fair and appropriate. For a prices and incomes policy to be operated we would require almost a weekly renegotiation of wages in the light of what has happened to the dollar."

### Timing Upsets Opposition

Auckland THE NEW ZEALAND HERALD in English 6 Mar 85 p 5

[Text]

### National MPs yesterday criticised the timing of the decision to float the dollar but did not oppose the principle of a flexible exchange rate.

The Opposition spokesman on finance, the Hon Bill Birch, said National believed a more flexible rate was necessary.

"Whether this type of float is right for present economic circumstances only time will tell," he said.

The float would aggravate inflation because of an expected slump in the value of the dollar, while high interest rates for short-term funds would flow through to the home finance market.

The effect of the policies now being followed by the Government was that the economy was grinding to a halt and entering a strong recessionary cycle.

Opening the debate on the decision to float the currency, the Minister of Finance, Mr Douglas, said

the dollar had fallen in value from \$US1.05 in 1975 to \$US0.63 at the end of last June.

"It is quite clear from those figures that a fixed exchange could not hide the fundamental lunacy of the National Party's economic policies," he said.

The dollar had depreciated year by year, despite a borrowing programme "of Latin American proportions."

#### True Prices

"Last Saturday's decision means that never again will we live the lie of the past nine years."

The previous Government had borrowed for nine years in the diminishing hope that a fortuitous improvement in the coun-

try's terms of trade would avoid the need for the adjustments which the rest of the world had known were necessary.

A floating exchange rate would mean importers and exporters would face true prices — something which the former Government had never made them do.

"Importers had it too easy, exporters were penalised and as a result thousands of jobs were lost.

"The Government borrowed billions of dollars each year to bridge the gap, to hide the lie."

#### Brave Face

The Government now had more control over the level of its foreign reserves and would no longer finance speculation in the

foreign exchange market.

Mr Birch said Mr Douglas was following the advice of Labour's former publicity director, Mr Simon Walker, and putting a brave face on a difficult position.

Since Mr Douglas took office, the New Zealand dollar had devalued by more than 30 per cent, while inflation had risen from 4 per cent to 15 per cent.

The overnight interest rate had reached 400 per cent yesterday and the economy was grinding to a halt.

Mr Douglas had caused a \$1000 million outflow of funds from the country last week as exchange dealers anticipated a further depreciation of the dollar.

## Anzus Dispute

Mr Birch said Mr Douglas had last year forecast that inflation would not go into double figures. But it had now reached at least 15 per cent and was out of control.

The Government was also facing a wage round when it would again ask the trade unions for restraint, said Mr Birch, adding: "I don't like their chances."

The currency was meanwhile under pressure because of the Anzus dispute, high inflation and a lack of investment.

The Minister of Trade and Industry, Mr Caygill, said the dollar had yesterday been quoted at \$US0.455 — up 1c since last Friday.

"The result of floating the currency is that the dollar has moved up, not down," he said.

## Not Appropriate

Mr Caygill said three-quarters of the world's trade was already done in floating currencies.

"What we are doing is not unusual except when judged in the light of our own history," he said.

The Government did not believe it was appropriate to use taxpayers' money to rescue the exchange rate.

The previous Government had done so and a 20 per cent devaluation was needed to ensure foreign exchange reserves were not depleted altogether.

"That exercise cost the New Zealand taxpayers \$300 million," said Mr Caygill adding: "This Government is determined that it will never happen again."

The Leader of the Opposition, Mr McLay, said the National Party believed in the greater liberalisation of the economy but it would do so properly.

Mr Douglas had presided over two foreign exchange crises in seven and a half months.

## Warnings

Mr McLay said he wanted to know who was

consulted, who had prior knowledge and who had profited from the decision to float the dollar.

He asked whether Mr Douglas was prepared to have those questions investigated by Parliament's public expenditure committee. New Zealand was the smallest economy to have floated its exchange and there was "real significance" in the warnings from Australia that New Zealand was vulnerable to speculation.

The country and Parliament was entitled to be given an assurance by Mr Douglas that there would be no speculation against the dollar.

Mr McLay said the Government's liberal approach to the financial market contrasted with its attitude to the labour market, referring to the Government's intention to overturn voluntary unionism.

An Associate Minister of Finance, Mr Prebble, said it

was the taxpayer who had profited from the float. The taxpayer had lost on the National Government's fixed and over-valued exchange rate.

"The Labour Government's strong action to free the New Zealand dollar from controls and taxpayer support demonstrates that the New Zealand economy has turned the corner."

## Disappointed

The dollar did not need the taxpayer to prop it up. He said the National Party finance spokesmen had tried to talk the exchange rate down in value and were disappointed that the dollar had now risen.

"They are disappointed that the New Zealand dollar is standing on its own feet," said Mr Prebble.

Under National the dollar had dropped in value every month while the party was in power and now it had risen for the first time in about nine years, giving a stronger New Zealand economy.

NEW ZEALAND

## EXPORTS THREATENED BY MALAYSIAN REGULATIONS

Christchurch THE PRESS in English 19 Mar 85 p 1

[Article by Michael Hannah]

[Text]

New Zealand's food exports to Malaysia, worth about \$8 million, are threatened by new labelling regulations due to be enforced in September.

The regulations, already drafted but so far delayed, will require labels on food imports to be written in Bahasa Malaysia, the Malaysian language.

A New Zealand trade mission now in Kuala Lumpur, led by the Minister of Overseas Trade, Mr Moore, learned only yesterday of the timing of the regulations.

The timing was confirmed by Mr N. Sadasivan, director-general of the Malaysian Industrial Development Authority. Food exports by Wattle Exports, Ltd, alone total about \$3.5 million in value, according to Mr John Lister, general manager of Wattle Exports, Ltd.

As deputy leader of the trade mission and president of the Export Institute, Mr Lister voiced concern about the timing of the regulations yesterday at a meeting with the Government-sponsored agency, M.I.D.A.

According to an official source, New Zealand's exports total about \$120 million a year to Malaysia, and food exports account for about \$8 to \$10 million of this. Yoghurt and ice-cream exports are regarded as being particularly at risk.

Mr Lister urged the Malaysian Government to "take time" over implementing the regulations.

"We just could not bring our products in," he said after the meeting with M.I.D.A.

"I am not saying we could not do some products in six months, but there are problems."

Businessmen and officials said they had been aware of the move for some time, as it is part of a Government drive for more "Malayisation" of the economy.

It is regarded, however, as a non-tariff barrier, designed both to reduce import costs and to protect domestic producers.

Mr Lister said New Zealand had taken two years to adjust to a similar move in the Middle East. The special calligraphy requirements of the Arabic language had then meant the writing of

labels was done in Saudi Arabia, and the copying and manufacture of packaging was done in New Zealand.

A similar arrangement would have to be made for Malaysia, Mr Lister said.

The regulation would apply to all countries, not just New Zealand, which might have an advantage in being used to producing short runs of items. Specially printed boxes for particular markets could be handled in time, he said.

There is concern, however, that six months is not long enough to make the adjustment, and, should any exports be barred by the regulations in September, they might not be able to find space in what is a very competitive market.

Moreover, the extra cost of short runs with special labelling and packaging may persuade some exporters to cease supplying the markets altogether.

The move is regarded by traders and officials as a restriction New Zealand could well do without, when it is looking to expand markets for its food products.

NEW ZEALAND

MARXIST PAPER PROTESTS ECONOMIC DEREGULATION

Auckland NEW ZEALAND TRIBUNE in English 4 Mar 85 p 1

[Front Page Commentary: "Big Business Strikes Again---Save the Labour Government"]

[Text]

**LAST week saw big business moving millions of dollars out of New Zealand in a replay of the Great July '84 hi-jack of the economy.**

Big business's stand-and-deliver demand for a 20% devaluation netted them over \$300 million at that time. Those that paid the ransom were wage and salary earners, small business people and working farmers. This was the most effective strike action in New Zealand's history.

An attempt to find out who had robbed the public purse, and how it was done, was aborted when the parliamentary enquiry set up for this purpose was called off by the Government. This denied the public the evidence needed to identify these modern-day highwaymen.

Prime Minister Lange gave assurance that steps were being taken to ensure that such events wouldn't happen again. This solution, apparently, was to totally deregulate foreign exchange dealings. This means that, whereas before the Reserve Bank had to approve

the purchase of overseas funds, no such approval is now necessary. Anyone can shift money in and out of New Zealand.

This makes the country more vulnerable to the demands of big business, and this is made even worse by the 'floating' of the dollar. New Zealand has a very small economy. This move makes it more defenceless in the face of major currency shifts by international financial institutions. It increases the risk of economic pressures being exerted for political purposes. Taken together these measures further expose the country to destabilisation and put the Government's nuclear-free policy at risk.

**THE COST TO WORKERS**

The 20% devaluation has meant soaring prices and a further lowering of living standards for working people. While making assurances that its strategy was working, the Government increased deregulation so that there is now a totally 'free hand' for big business and a drive by the



Government to keep wages down. The Government has taken the economy in the opposite direction from that agreed to with the trade union movement and as outlined in the Economic Summit communique.

Government policies have already caused a massive surge in food prices, mortgage rates, transport costs and other charges. The end of the rent freeze has led to crippling increases in rent. On top of all this the 'floating' of the dollar (or sinking as it should be called, because the overall trend will be for it to fall) will generate instability throughout the whole price structure, leading to increasing inflation and more price hikes.

Working people will once again pay for the massive profits of the big business speculators. Workers are being urged to work harder, increase productivity and make sacrifices to feed speculators' insatiable appetites.

#### **BIG BUSINESS IN CONTROL**

The economy is now beyond effective government control. Big business is more than ever running the show. The possibility of economic collapse now faces the country. It is quite possible that these moves will accentuate the major deterioration expected in the economy by September of this year.

#### **SAVE THE LABOUR GOVERNMENT**

Urgent action must be taken to change the Government's free-market approach. It is not the policy the electorate voted for. As Bob Jones has pointed out, it is New Zealand Party policy, and this gained only 12% of the vote.

If it continues it will drive unemployment and prices up and living standards further down. The Government must move to regain control of the economy, and this means putting back the controls.

Act now to stop big business hijacking the Labour Government.

- Contact your Labour MP and demand a halt to these policies.
- Send a telegram of protest
- Have your union act urgently
- Tell Government MP's what's happening to your pay packets and what it means to your family.

What's needed is for the Labour Government to reverse its present policies, to make the monopolies pay out of the profits they accumulated under the National government by imposing a capital gains and assets tax, for policies which protect jobs and workers' living standards including access to good health care, fair rents and education. Such policies are essential for maintaining the country's nuclear-free position. ■

NEW ZEALAND

ALTERNATIVE PEACE GROUP LEADER ON REFERENDUM, SUBVERSION

Wellington THE EVENING POST in English 14 Mar 85 p 1

[Text] Ninety to 100 percent of New Zealanders over the age of 30 support the idea of a referendum on the Government's anti-nuclear stance, claims Peace Through Security leader Dr Jim Sprott.

The Auckland chemist, who made his name during the long drawn out campaign to free Arthur Allan Thomas, says that by the time his petition has been around the country it will have more than one million signatures.

He challenges claims by Government that its policy had the electoral support of the 73 percent of New Zealanders who voted for Labour, Social Credit and the New Zealand Party last year.

The election was about a range of issues---unemployment, Government by consensus and the end of autocracy. The National Party hardly mentioned the matter.

And although Labour had spelt out its anti-nuclear policy, at no stage were the electorates told that it would render the Anzus alliance inoperative.

Support from Social credit and the New Zealand Party had evaporated quickly with "Garry Knapp running away from their policy as fast as he can and Bob Jones now saying the ban was an entirely futile gesture."

Dr Sprott said the referendum was essential as the issue of New Zealand's defence should transcend party politics.

The matter should be settled once and for all and should not be subject to change every three years.

"We can't have a stop go policy on the Anzus alliance."

Dr Sprott said that if a referendum was called the Government should not have to resign if the majority of the public opposed the nuclear warship ban.

If a referendum was not called Government would be inconsistent with its policy of consensus.

Government had a duty to the people and besides it would allow Government to extricate itself from a very difficult situation.

"I don't believe the Government knew how deep the consequences of its policy would be and they must be very seriously concerned as to how badly it was affecting defence and trade."

#### Subversion

Dr Sprott said he did not think there was an immediate threat to New Zealand's security but in the longer term there was a potential threat from Soviet expansionism and possibly from "our nearest foreign neighbour--Indonesia."

He said the growth of the peace movement is the result of Soviet subversion in New Zealand and worldwide.

New Zealand was not endangered by the occasional visit by an American warship. If New Zealand was to be attacked it would be because of its strategic importance and the resources it offered.

"Most people are delighted to see those ships here. Suddenly they feel naked and insecure and they don't like it."

In the nine days since the petition was launched he said Peace Through Security had been overwhelmed with the volume of support.

Dr Sprott spoke to a rally at Parliament at midday today.

CSO: 4200/860

NEW ZEALAND

LANGE VIEWS CLOSER DEFENSE LINKS WITH INDIA

Auckland THE NEW ZEALAND HERALD in English 16 Mar 85 p 1

[Text] India is likely to be among the first countries with which the Government will try to arrange new military exercises.

The Prime Minister, Mr Lange, said yesterday that he had already held informal talks in India with a view to forging a closer defence relationship.

"They fit in well with our military structures," he said.

India is a traditional defence partner in the sense that we have had a long association with them.

Cheaper

"We have had previous military experience with them and they are conventionally armed forces."

Mr Lange said India already was involved in helping to train the forces of other countries.

"I know that in fact they have a very high level of competence and that it is much cheaper to train there rather than in European or United States military academies."

Acknowledging that Canada was also among the first countries New Zealand would approach for exercises replacing those cancelled because of the Anzus dispute, Mr Lange said it would make equally good sense to approach the Indians.

The Government is understood to be particularly anxious to maintain New Zealand's involvement in the multi-nation peace-keeping force in the Sinai, in spite of an Australian Government decision to withdraw its unit.

## Sinai Worry

The New Zealand and Australian forces are integrated in one unit and the Australian withdrawal seriously threatens New Zealand's continued participation.

New Zealand troops in the Sinai at present have only two helicopters, and defence chiefs have told the Government that a solo involvement there would be virtually meaningless and impractical.

It is believed some involvement in the force will be considered soon by the Canadian cabinet.

Increasing involvement with other forces, such as the Indian armed services, is believed to be raised in a rapidly compiled review of defence arrangements handed yesterday to the Minister of Defence, Mr O'Flynn.

## Two Weeks

The review was sparked by tough American retaliation to New Zealand's ban on nuclear ship visits.

Increasing involvement in exercises with forces from Australia, Canada and the South Pacific states is discussed in the review.

Although the review was discussed at a meeting of the Defence Council in Wellington yesterday, its contents will not be made public until next month.

It will be considered first by the cabinet committee on external relations and security, which is chaired by Mr O'Flynn, and includes Mr Lange.

The review was completed in just two weeks after the United States cancelled exercises and reciprocal visits by senior officers, and scaled-down the flow of intelligence in retaliation for New Zealand's nuclear ship ban.

While it is believed that the review discusses the intelligence issue, it concentrates mainly on the need to develop almost immediately stronger bilateral defence links with countries to make up for the United States' withdrawal.

Although the Sinai peacekeeping force question is not related directly to the defence review, the need to find another partner has been heightened by the Anzus impasse.

CSO: 4200/860

NEW ZEALAND

## GOVERNMENT ABOLISHES FOREIGN OWNERSHIP LIMITS

Auckland THE NEW ZEALAND HERALD in English 5 Mar 85 p 4

[Text]

### Limits on foreign ownership in New Zealand financial institutions, advertising agencies and fishing processors have been abolished.

Along with the float of the dollar, the decision moves New Zealand one step further towards becoming a major international financial centre.

One foreign company, believed to be the Australian pastoral giant Elders-IXL, has already been given permission to increase its holding in a New Zealand merchant bank from 70 to 100 per cent under the new policy.

The secretary of the Overseas Investment Commission, Mr Bruce Rampton, confirmed yesterday that the new policy had been approved by the cabinet in the past few weeks.

#### Limited

Although it has become generally known to the sectors concerned, there has been no public announcement of it.

Until now, foreign ownership has been limited to 70 per cent in financial institutions, 49 per cent in land-based fish processors and 40 per cent in advertising agencies.

"This new policy allows applications with merit to go to 100 per cent right across the board," Mr Rampton said.

But he stressed that, as in

other sectors where there had never been a specific limit on foreign ownership, foreign investment proposals still required official approval and would be considered on their individual merits.

#### Drop 30 pc

He would not say which financial institution had been given approval for 100 per cent foreign ownership.

But the managing director of the Goodman Group, Mr Peter Shirtcliffe, confirmed that his group had agreed to drop the 30 per cent holding which it had originally planned to take in the new merchant bank to be set up in New Zealand by Elders this year.

He said Goodman had no other interest in financial services, and had agreed to join the banking project only "to help Elders out" under the old rules requiring them to find 30 per cent of the investment locally.

(Goodman owns 13.6 per cent of Elders, and Elders owns 21 per cent of Goodman).

#### More Likely

Mr Shirtcliffe said that now that the rules had been changed, Elders wanted to go it alone with the new

bank to simplify administration and to tie in with the finance company acquired as part of its recent \$60 million purchase of Yates Corporation subsidiaries.

Mr Rampton said two international advertising agencies had also applied to invest in New Zealand under the new rules, and more were expected.

But neither has yet been given approval, and there has been no application yet from fish processors.

The most significant part of the decision is clearly that affecting financial institutions, and it, together with the float, is seen as promoting New Zealand as a kind of "mini-Hong Kong."

#### Four Hours

An Associate Minister of Finance, Mr Prebble, said on Sunday that the float would help New Zealand to build on its advantage as the first foreign-exchange market to open in the world each day, filling a time gap between New York and Tokyo.

"The New Zealand market opens four hours before Tokyo. That means we have a lot more importance than our size would indicate," Mr Prebble said.

"If we can attract some of the largest financial institutions in the world to set up in this country, they have a lot of money, and they tend to invest it where they operate."

"There are very great benefits to us from that."

### Local Partner

The moves towards creating a South Pacific financial centre began with the former National Government's approval of nine new foreign-exchange dealers late in 1983.

Four of these were 70 per cent foreign-owned with a 30 per cent local partner, four were entirely New Zealand-owned, and one, NatWest Lombank, was 100 per cent foreign-owned but was already working in New Zealand.

Two more, 70 per cent Australian-owned Hill Samuel and 100 per cent foreign-owned Wardleys, were approved last June, and three foreign-owned foreign-exchange brokers were allowed to set up shop towards the end of last year.

The Elders bank is the first foreign-exchange dealer to be approved under the Labour Government. But several more companies, including the AMP, are believed to have shown interest in a dealer's licence.

Official policy is to grant such licences provided that the applicant is competent and can show that a proposal would benefit New Zealand.

The Reserve Bank advised the Government in its post-election briefing in July that "New Zealand is well situated to establish a financial market of considerable substance and international significance."

The major remaining obstacles are seen as the 15 per cent withholding tax on interest payments to non-residents, imposed in the 1983 budget, and the imposition of normal company tax on profits earned from loans raised overseas and lent to foreigners.

It is understood that the withholding tax is being widely evaded by channeling investments through overseas branches of New Zealand firms, and the Minister of Finance, Mr Douglas, announced last month that it would be reviewed in the budget this year.

### No Loss

Officials believe there would be no loss of revenue if loans raised and lent overseas were exempted from tax, because at present the very existence of the tax sends all such deals to rival centres such as Hong Kong, where they are tax-free.

The executive director of the Banker's Association, Mr Max Bradford, said New Zealand banks already had the technology and were rapidly gaining the experience to make the country a world financial centre.

"There would appear to be little standing in the way of our becoming the Hong Kong of the South Pacific," he said.

But the chief executive of the Marac merchant banking group, Mr Dennis Ferrer, said New Zealand was handicapped by both its smallness and the shortage of people with foreign-exchange experience.

"Hong Kong, of course, is very well presented with a time zone and a vast amount of expertise in foreign-exchange dealing," he said.

"I think we are going to be market followers rather than leaders."

PHILIPPINES

LUZON POLL FAVORS SALONGA, LAUREL FOR PRESIDENT

Quezon City ANG PAHAYAGANG MALAYA in English 15 Mar 85 p 2

[Article by Desiree Carlos]

[Text] People in Central Luzon apparently are not sure that either the KBL or the comparatively nebulous opposition (as an organization) could solve the nation's problems which they believe could best be met by an initial thrust of a clean and honest election, a University of the Philippines (UP) survey conducted recently showed.

The survey respondents--144 opinion leaders in their localities made up of businessmen, educators, student leaders, civic luminaries, religious leaders and heads of farm and labor organizations--however seem to believe that it is individuals who can best be depended upon to lead the country out of its current miseries.

The respondents selected former senator and recently returned Liberal Party head Jovito Salonga as their top choice to be the opposition presidential standard bearer with Unido head Salvador Laurel a close second.

On the other hand, they barely gave serious consideration to the ruling KBL party presidential bet since less than half of the respondents bothered to indicate their thinking on the matter.

Of the 66 who did say whom they thought was the best bet of the KBL, the majority voted for sacked foreign minister Arturo Tolentino with Prime Minister Cesar Virata coming in a far second.

An interesting part of the survey is that on qualities of national leadership and who among the opposition and KBL figures possesses them. These qualities include, in their order of importance as perceived by the respondents, commitment to the poor, accessibility to the people, incorruptibility, nationalism, being well-informed, rationality, statesmanship and tenacity.

Even in this, most of the respondents believed that KBL luminaries who possess all the qualities are led by Tolentino followed 17 points lower down by President Marcos in second place, then Virata, Mendoza, with fifth place shared by Ople and MP Manual Collantes, who is a former deputy foreign minister.



The last slot in this part of the survey is also shared by two KBL stalwarts--Defense Minister Juan Ponce Enrile and Local Governments Minister Jose Rono.

The survey also showed that Enrile and Ople were not perceived as KBL presidential timber by the respondents.

One point above last place is Mrs Imelda Marcos. In the column where the leaders were asked who among the KBL possess none of these leadership qualities, the First Lady led all, followed in order by Rono and Enrile.

The leading concern of the people in Central Luzon is apparently that of high prices, the survey indicated, followed by the huge foreign debt and in third place that of corruption. The others, in order, are the lack of credibility of the Marcos leadership, rampant human rights violation, widespread unemployment and the domination of the economy by multinational corporations.

Answering the survey questionnaire prepared by students of Prof Cesario R. Torres in his Political Science 160 Class, slightly over 52 percent of the Central Luzon leaders replied "maybe" to the query on if they believe the KBL is capable of solving their main concerns.

Replying to a similar question on the ability of the opposition to solve their problems, almost 85 percent said "maybe" which could be interpreted to mean a larger part of the population is giving the opposition the benefit of the doubt.

In any case, those who were certain of the ruling party's capability came up to only 3.47 percent while those as certain of the opposition was more than double--8.33 percent. Still a small percentage, however.

The ranking which resulted in the survey conducted on 30 businessmen, 30 educators and student leaders, 26 civic leaders, 28 religious leaders and 30 top officials of farm and labor organizations showed that following Salonga and Laurel, in order, are former senator Jose W. Diokno, grand old man of the opposition Lorenzo Tanada, Mrs Corazon Aquino, Butz Aquino, Mambabatas Pambansa (MP) Aquilino Pimentel (not sitting pending a Supreme Court case questining his victory in the May 1984 polls), former senator and self-exiled Raul Manglapus, United Nations high official Rafael Salas and former Constitutional Convention delegate Teofisto Guingona.

The top vice presidential bet of the opposition is shown in the survey to be Pimentel followed by Salong, MP Eva Estrada Kalaw, Manglapus, Corazon Aquino, Diokno, Laurel, Butz Aquino, MP Ramon Mitra, Tanada and Salas.

The KBL presidential list after Tolentino and Virata includes Mrs Imelda Marcos third, followed by hometown bet Justice Minister Estelito Mendoza. The choice for the KBL vice presidential slot is led by Virata followed by Tolentino, Mendoza and Ople.

Another surprising finding of the survey is the people's response to what issues worried them least. In New People's Army (NPA) infested Central Luzon, their presence bother the respondents much less than anything else.

They also do not seem to be overly worried over the lack of foreign investments, something which the present regime is trying hard to attract to our shores.

The people believe that the second most effective way to solve our problems after a clean and honest election is the restructuring of the budget, to put more emphasis on economic development. Next they believe that the resignation of the present leadership is also an effective solution.

The other ways include nationalization of multinational corporations and the execution of all corrupt officials and employees in the government.

CSO: 4200/842

PHILIPPINES

ARTICLE SPECULATES VER TO SUCCEED ENRILE

Makati MR. & MS. in English 15-21 Mar 85 pp 15, 16

[Article by Fe B. Zamora: "Will Ver Replace Enrile?"]

[Text] With President Marcos tightening his reins on the Kilusang Bagong Lipunan by sending to the gallows the "rebels" within the party, the question "Who's Next?" hangs stubbornly like an empty noose in the air.

Nobody would dare confirm it, dismissing the scenario of a third rebel about to be led to the gallows as "political suicide" for President Marcos. But speculations are rife that Defense Minister and Region 1 KBL chairman Juan Ponce Enrile's neck is the next most likely to fill the noose.

"With the way Enrile has been talking his head off about the insurgency problem, Amendment 6 and his political ambitions, I won't be surprised if he's next," said a political observer.

Sources in the Defense Ministry belittled the idea as preposterous. "Minister Enrile may be outspoken but he is still a member of the family," they said.

If, however, President Marcos would deem it better (for him and the KBL?) to be "rid" of Enrile, then, the same sources said, "that can only happen after Gen Fabian C. Ver (chief of staff on-leave) is reinstated."

The scenario, sources said, would have Gen Ver back to his post then transferred as Defense Minister, paving the way for current acting chief of staff and Philippine Constabulary chief Lt Gen Fidel Ramos to become chief of staff.

Gen Ver's appointment, sources said, will also mean the return of the "lost powers of the defense minister."

The same sources see the scenario as taking place in the middle of this year when "Ver will be acquitted," they said.

Still, another source said, the act is very risky. "Minister Enrile knows all the secrets about Marcos. The only way to get rid of Enrile is to kill him," he said.

Minister Enrile, 61, the second most powerful man in the country until Gen Ver's ascendant supremacy in 1981, reportedly earned a Presidential scowl over his public statements about the insurgency problem of the country.

In a press conference last month, President Marcos flatly remarked "I deny the premise that insurgency is growing," while Minister Enrile, in past interviews, has been saying the contrary.

While both insist that the situation is under control, Enrile's figures indicated but a growing insurgency problem.

In 1981 Enrile calculated the New People's Army's strength at three to five thousand armed regulars. In November 1984 he estimated the figures as "between a low of 6,000 to a high of 8,000." Enrile's recent estimate, as based on military reports, placed the NPA regulars as 10 to 12 thousand-man strong.

In the January KBL caucus in Malacanang, Minister Enrile and the President's wife, Imelda Marcos figured in a verbal clash, the former insisting that the truth must be said, no matter how painful" and the latter chiding him for not accentuating the positive and faulting him for inability to contain the insurgency problem as Defense Minister.

KBL sources, however, said that the problem is beyond that of insurgency, that what happened in Malacanang during the KBL caucus were the sparks smoldering animosity between Enrile and Imelda, not between Enrile and Marcos.

"Minister Enrile's loyalty to President Marcos is beyond question," the same sources said. "He (Enrile) knows his limits. If he argues with the President, it's mostly on defense matters, his area of responsibility. Never on matters of how to run the government." Imelda, they said, is the proverbial fly in the ointment.

A running joke, in fact, is that if President Marcos were to test the loyalty of the three most powerful men around him, namely Gen Ver, Minister Enrile and Lt Gen Ramos, he'd ask them to jump from a building. The dialogue would go this way:

Gen Ver: "Which floor, Sir?"

Gen Ramos: "I'll call a command conference first, Sir."

Minister Enrile: "Why, do you want me dead, Sir?:"

Enrile, said the same sources, is a thinking loyalist. But his willingness to protect "and even die" for Marcos has been tested.

At the height of the First Quarter Storm in 1971 for instance, when student activists, zealously bent on taking over Malacanang, rammed a fire truck through the Palace's gates, Enrile dutifully stood guard for President Marcos.

In the 1981 senatorial elections, Enrile, then already criticized as "the first of Marcos' tuta (puppy)," defied the advice of concerned friends: "'You'll never win this election unless you distance yourself from Marcos.'" Enrile stuck it out with Marcos' unpopular Nacionalista Party and lost in the elections.

It was, again, the Marcos-Enrile tandem which planned, in secrecy, the program to implement martial law. When PD 1081 was announced, Enrile was appointed by Marcos as martial law administrator, a powerful position that earned Enrile the title "second most powerful man in the country,"

Cheek and jowl was he to the fount of power that Enrile could have grabbed it for himself. But his loyalty got the better of him. Enrile stood by as Marcos' true ally, the powerful but unpopular alter-ego, so to speak.

The tides would change in 1981. With the "lifting" of martial law, Enrile also lost his strong hold on power. Government sources explained that it was part of the normalization program. "Enrile was simply relegated back to his role as defense minister," they said. The "powers" however, went to Marcos die-hard Gen Ver and observers said Enrile was slighted by this.

Enrile, wrote Reuben Canoy in Counterfeit Revolution, once complained "I am the only Defense Minister in the entire world under surveillance by agents of my own country." Who these agents were was not specified.

The first "official" hint of disenchantment came in July 1983, a month before the Aquino assassination when Enrile went to the President and requested "if I could go back to law practice." President Marcos, as Enrile later recounted that event on a TV talk show, replied, "I hope you don't mind if I ask you to stay."

Other "sectors" reportedly wanted him as Minister of Finance, but Enrile stayed mum on the idea.

Enrile was a highly-paid corporate counsel when he was recruited to government service in 1966 by Sigma Rho fraternity-mate Rarael Salas, then President Marcos' executive secretary. His first assignment was as Customs Commissioner, then Secretary of Justice, and finally Secretary of Defense in 1972.

Some media men remember him then as "bristly tempered" "not so approachable," and with nary an air of a politician but more of a military tactician. When he met with the press late last year at the National Press Club, Minister Enrile displayed a "new touch." In more recent interviews, too, Enrile, still the subject of criticisms for his "inhuman policies," parried questions with "wit and charm."

Still, Enrile has a lot of explaining to do, especially on his "alliance" with industrialist, coconut-and-beer-magnate Eduardo Cojuangco, Jr. Friends of both insist the "alliance" is hooked on coconut interests, and nothing more. "It's purely a business affair," they said. But Cojuangco's crony-image leaves a reason for distrust.

Cojuangco himself was a Nacionalista Party-man, just like Enrile before martial law was declared. Both are now members of President Marcos' KBL with Cojuangco as regional chairman for Central Luzon. Another rumored Cojuangco-ally is the bearded assemblyman from Palawan, Ramon Mitra (PDP-LABAN).

In a recent interview with NP spokesman MP Romeo Jalosjos, Jalosjos revealed that "there is a strong possibility of an Enrile-Mitra ticket for the 1987 presidential elections." So, an Enrile-Mitra ticket will have to shake off its Cojuangco connection-image before the ticket can get off the ground.

Enrile, however, has been explicit with his presidential plans, saying "I will run only if the incumbent President, President Marcos, or his wife, Imelda, will not run." President Marcos had already announced his candidacy.

Even with the recent firing of Foreign Minister Tolentino and President Marcos' "public censure" of Labor Minister Blas Ople, Enrile, egged to comment by students conferring with him on the very next day, simply laughed off the "Enrile, too" scenario.

A foreign jojrnalist got Enrile's rebuff--"Don't ask me silly questions"--when the former pressured him to comment on the "Enrile-Marcos" rift.

But Batasan sources claim that Minister Gregorio Cendana of the Office of Media Affairs had been ordered by President Marcos "to look into" Enrile's pronouncements on the state of insurgency.

In last month's presidential press conference in Malacanang, Enrile, ribbing with Ople, refused to sit on the first row, saying "That's the firing line. Imagine the Defense Minister on the firing line!" Enrile sat on the second row, Ople, on the first and Tolentino on the last row.

But who knows exactly where the firing line is?

CSO: 4200/849

PHILIPPINES

BACKGROUND ON COJUANGCO-BENEDICTO FEUD

Makati MR. & MS. in English 15-21 Mar 85 pp 29-30

[Article by Jeremy Santos: "Cojuangco Loses Taste for Benedicto's Sugar"]

[Text] The joke currently circulating around the plush coffee shops in Metro Manila goes something like this: "Suddenly Danding (Cojuangco) is going nuts over Benedicto's sugar while Benedicto is going around saying how sweet Danding is."

But coconut king and San Miguel Corp headman Eduardo 'Danding' Cojuangco, Jr, who was reportedly eyeing the seat of sugar baron Benedicto, head of the defunct National Sugar Trading Corp (NASUTRA) has had a change of heart. He suddenly lost his taste for the sugar industry.

Unless a new group is able to muster a miraculous showing in the Philippine Sugar Marketing Corp (PHILSUMA) board election the Roberto Benedicto group will continue to rule the dying sugar industry.

Government insiders said the feud which threatened to explode in the coming days to a full-blown battle of the crony giants was completely diffused when both parties were hurriedly called to Malacanang. The unexpectedly early reconciliation between the commodity lords of the country was made by the powers that be, they said. The trade off, they said, was that RSB would make some concessions to Cojuangco, similar to a trust agreement reached by Cojuantco before he took over SMC.

Benedicto was given a new lease on life after he was able to convince the powers that be that the reinvestment package of the sugar industry would remain safe and out of the hands of any vested group. The reinvestment package worth millions of dollars would be used "to uplift" a dying industry, sugar leaders said.

Reliable industry sources revealed that while Cojuangco may have made one step backward, the machinery that he already set in motion would be hard to dismantle. They said that his early he was able to drum up enough support to overwhelm Benedicto.

Industry sources said that Cojuangco formed last week an impressive ticket composed of big sugar planters to contest two-thirds of the six of the nine seats allotted for the private sector. Two seats reserved for millers were expected to lean toward Benedicto. But the sugar planters would go with Cojuangco. The three remaining seats are in the hands of the government and would go along with the majority in power. The seats were given to the Central Bank governor, Jose Fernandez, Trade Minister Roberto Ongpin and Agriculture Minister Salvador Escudero III.

Cojuangco's ticket had Carlos Ledesma, former president of the National Federation of Sugarcane Planters, Eduardo Hernandez, president of the Jalasig Planters' Association and Danilo Gamboa, a sugar planter.

Industry luminaries said that after hearing the news of Cojuangco's withdrawal many sugar planters called him up asking him to change his mind since he may be one of the few who could face up to the likes of Benedicto. They said with the PHILSUMA board elections around the corner, there was little time for a new group to get the necessary influential figure with whom the planters could rally with.

A group of multinational company executives noted that if Cojuangco ran and got the board majority, he would be the first polymonopolist in the incumbent regime and this would not look good to many foreign creditors of the country. They said that Cojuangco would, in the long run, lose a lot of political mileage since he would be the number one example of "the crony" in the regime.

Cojuangco followers agreed that the SMC head started to campaign after disenchanted Benedicto followers promised to support him. They said Cojuangco built a coconut hacienda in Negros, Benedicto's own private domain, to act as a springboard after Cojuangco failed in an earlier attempt to buy a large sugar mill. The plan was scuttled by Benedicto.

Opposition Members of Parliament composed of Fermin Caram Jr (Iloilo), Arthur Defensor (Iloilo), Wilson Gamboa (Neg. Occ), Marcelo Fernan (Cebu), Antonio Cuenco (Cebu), Hernando Perez (Batangas), Rafael Recto (Batangas), and Luis Villafuerte (Cam. Sur) together with farm groups exposed the strong pressure to coerce sugar planters and millers to vote for discredited leaders into the board of commissioners of the reorganized PHILSUCOM.

Caram, in an interview, said the power struggle between Benedicto and Cojuangco would not be allowed to disintegrate in the revelation of their hidden skeletons inside the closet. He said an intervention was expected since it was the only solution to the crony-infested problem.

The farm groups were led by National Alliance of Sugarcane Producers (NASP) head Hortensia Starke and other leaders including Glicerio Javellana and Guillermo Araneta.



In a joint statement, both legislators and farm group leaders said even the facilities of both the NASUTRA and the PHILSUCOM are being used to secure the much-needed proxies and pressure all producers to vote for those who wield the stick of power that brought the present mess confronting the sugar industry.

They emphasized the elections for the members of the board of the reorganized PHILSICUM must be by secret ballot, undertaken after a reasonable time has been provided for all planters and millers to have recognized the issues and be able to vote in accordance with their conscience.

The two groups said that while the creation of PHILSUMA was intended to support a concerted effort for sugar planters to participate directly in the formulation of national policies and the orderly planning and supervision of the production and marketing of sugar, threats had been hurled that the sugar planters' crop loan releases and liquidation of the planters sugar at P300 per picul would be effected unless they executed proxies or committed to vote in favor of Benedicto and his henchmen.

The farm workers stressed that they would not vote for Benedicto after they learned that from Dec 16, 1983 to March 9, 1984 Benedicto together with Jose Unson and Jaime Dacanay smuggled sugar.

But they said since Cojuangco has retreated, what choice was left? If his (Benedicto's) own relatives fingered him because of his shady deal, how do we bring about a change of heart, Cojuangco style, they asked.

The fight between the commodity lords is over, Opposition assemblymen and sugar planters said, for now. But the two groups said, quoting John Paul Jones--"I have just begun to fight."

CSO: 4200/849

PHILIPPINES

SOLIVEN ON NPA; COLONEL BIAZON ACTIVITIES; SUPREME COURT

Makati MR. & MS. in English 15-21 Mar 85 pp 36-39

["The Last Word" column by Maximo V. Soliven: "Five Killings a Day on the Davao War Front--A Battle Without Heroes, Only Victims"]

[Excerpts] While some leaders of the Opposition are obsessed with recognizing the Communist Party of the Philippines as a legitimate political party, the armed forces of the Philippines and the armed forces of the Communists (the New People's Army) are stepping up their shooting war. And civilians, caught in the cross-fire, victims of either NPA "liquidation" or military "salvage," are often the ones dying.

In Agusan del Norte, the death toll is three persons PER DAY. In Agusan del Sur, at least four persons die daily. These are only the reported killings.

In Davao City, population one million (but diminishing), the war is being fought inside the city itself. Between three to five persons are gunned down daily. "Sparrow" liquidation units of the NPA roam around with impunity--unhurriedly shooting down marked men inside the lobbies of the best hotels, in offices, or on the streets. A strange quirk of the NPA is that they usually operate during "office hours," i.e. from 7 a.m. to 7 p.m. The military "salvagers" are less considerate. They like to mow people down, Davaoenos say, in the dark of the night.

The least sought-after job these days is that of policeman. No less than 82 cops have been shot down within the last 12 months. The anti-nicotine campaigners say that smoking can kill you. One traffic investigator discovered this for himself when he went out to buy cigarettes in Bangkal. He was accosted by three men who gave him a .45 caliber slug instead. That's a brutal way to break the smoking habit.

The .45 caliber pistol, or automatic is the trademark of the NPA. Strange to say, though, every time the soldiers manage to kill an NPA cadre, they only seem to "capture" a paltik (home-made gun) instead. By coincidence, a good, imported .45 caliber hand-gun sells for P3,500 P5,000 on the black-market. Even in No-Man's Land, obviously, the capitalist profit motive survives.

Last December 20, for example, the Manager of the Davao City Golf Club, Mr August Tesoro, a close friend of Mayor Elias Lopez, was shot by three men in his own clubhouse--despite the fact that a lot of golfers were on the nearby fairway. The liquidators pumped three bullets into him--one of them into his mouth, because, as the triggerman was said to have remarked, "You talk too much." All those among you who talk too much are hereby forewarned.

Then, the trio nonchalantly walked--not ran--away. Meeting a former town official hurrying towards the sound of gunshots on the fairway, one of them even wished him "Merry Christmas!"

The NPA's classify themselves into fighting units and mass base units. The elite group is the MRGU ("Main Revolutionary Guerilla Unit") which is composed of 270 men--a sort of battalion-strength outfit. These elite guerillas are armed with M-16s, Armalites, and modern, large-caliber weapons. Then there is the SRGU ("Supportive Revolutionary Guerilla Units") which are no less deadly although they carry less-streamlined weapons, such as second World War Garand rifles, carbines, and B.A.R.'s. There are two SRGU's supporting each MRGU.

There's a group of 30 to 40 friends who cheerfully meet at the "Coffee Break" shop of the Apo View Hotel every morning, mainly to count heads and find out "who was shot yesterday." They have already lost five of their number so far, including the former President of the Davao Chamber of Commerce.

Davaoenos point out they can tell who was liquidated by the NPA and who was salvaged by the army. The NPA's always leave their calling card--a note "explaining" why the poor fellow was killed.

At first glance, you even cannot tell who is NPA and who belongs to the military. Davao City is an armed camp, crawling with Scout Rangers, PC, Army, and Marines. There are more soldiers per square inch in this embattled city than there are in Beirut. There appear to be as many helicopters per square kilometer as there were in Vietnam during the Indo-China conflict. But still too many civilians get zapped. Who do the zapping?--ah, that's the question.

Last December, to take a typical case, 15 armed men raided a prominent "mestizo" businessman's home in Guadalupe district. They kept him captive until daylight, waiting for the bank to open, so they could cash his cheque for the full amount of his bank deposits. Twelve of these men were "fingering" by their victim, and caught, and a PC lieutenant "implicated" for having issued them a "mission order." But the suspects were released on bail--and the hapless businessman had to flee to Manila. He left no forwarding address for obvious reasons.

Business, indeed, has fled Davao City. The irrepressible Davaoenos quip that the only businesses that are thriving are the Funeral Parlours and the Philippine Long Distance Telephone Company. (Did you notice, the PLDT, with much fanfare, introduced more modern telephone links with Davao last week?) Most Davaoenos with any enterprises left, or landowners and

plantation owners, run their companies or haciendas (banana, pineapple, coconut farms, and their piggeries) by remote control--via the long-distance telephone.

The new song hit must be, "I just called to say 'I love you.'"

The most despicable murder occurred last Oct 19. That fighting Opposition editor and publisher, Alex Orcullo (of "Mindaweek")--with a Ph.D. in Economics, was on his way to his banana farm in Mandug with his family, on an excursion to celebrate his birthday. His vehicle was halted by a band of armed men, Orcullo was dragged from his car and shot in the presence of his wife and children.

Fifty thousand mourners attended Orcullo's funeral--the biggest in the history of Mindanao.

The military subsequently blamed a Muslim PLO (People's liberation Organization) leader named Abubaker Bautista Karsolo, known as "Kapitan Inggo," for the killing, and conveniently cracked down on him. But the Davao people are still not convinced.

Incidentally, the peace and order situation in Mandug itself has deteriorated so greatly (last December the whole barrio was evacuated, fearing a "terrorist" raid) that it is referred to as "Manduragua" (a reference to Nicaragua).

In fact, Davao City cowers in fear worse than Nicaragua. Bullets are flying, and whatever your ideology, any one of them can kill you equally dead.

Can the situation be saved?

There's always light in the darkness. For instance, one brave Marine brigade commander decided that shooting wasn't the answer. A former slum kid from Pasay and Manila, Col Rudy Biazon interviewed scores of prisoners and political detainees to find out just what they were after. He discovered that only a few of them had any idea of what Communism really meant. Many of them were just disgusted with corruption and abuse. He had a long talk with one student radical, for example, a girl who had been picked up for anti-government activities just before her final exams. After a long, soul-searching dialogue, the girl wept and said: "You should have talked to me before I lost hope!"

Then and there, Biazon decided to talk to the students on the campuses and show them that there was another path to reform and justice. He now addresses every group he can assemble, from every level of society, on how to fight graft, demand redress for grievances, seek help and the perils of the "Red solution." He is believed, despite the fact that he is a soldier, because his sincerity shines through.

"I may run out of bullets," he says with a cracked grin, "but I'll never run out of words."

All the Davao residents I talked to thought very highly of Colonel Biazon--including not a few radicals. The trouble is there are not enough men like him. Or we just haven't found enough.

I once said that what we need, to give spirit, morale and discipline back to our Armed Forces is another Ramon Magsaysay. We need a hundred Magsaysays--and a thousand Biazons. Only then, will the "war be won, and the "rebels" come in from the cold. However, Biazon has already demonstrated that a single man who walks in the light can make a difference.

I won't comment on the Sandiganbayan, now searching for "missing" witnesses. What about our Supreme Court?

In the past few months, after what seems like a dozen years of toothless hibernation, it has come to life. But it hasn't shown enough life--yet.

We can only recall those words from the Bible: "You are the salt of the earth, but if the salt loses its strength, what shall it be salted with? It is no longer of any use but to be thrown out and trodden underfoot by men." Jesus Christ's comparison of his apostles and disciples to salt may well be applied, in these trying times, with the civil liberties and human rights of Filipinos being trodden underfoot, to the honorable members of our Supreme Court. For truly, if the present 14 members (one vacancy remains unfilled) of this high tribunal lose their "strength" owing to loyalty to Malacanang, friendship with certain administration Big Shots, and gratitude to the man who "appointed" them, the President, to whom will the oppressed turn?

Despite its recent "landmark" rulings in the We Forum and "Salonga" cases, it is the consensus in the circles of bench and bar, and civic, business and other clubs, worried about the present state of the nation, that--although individual members of the Supreme Court have shown some gumption--the tribunal remains hesitant. Will this be the record the Fernando Court (with Chief Justice Enrique Fernando on the eve of retirement) leaves to posterity?

Indeed, compared to the Paras court which stood up to the Quirino administration by striking down President Elpidio Quirino's emergency powers, and the Bengzon Court that "spanked" President Diosdado Macapagal on several occasions, the Fernando Court still looks painfully anemic.

Why the difference? Supreme Court "watchers," including the few living retired Justices of both the high tribunal and the Court of Appeals, believe the difference lies in the following facts: (1) All the members of the Fernando Court (starting with the Court presided over by the late Chief Justice Fred Ruiz Castro) are appointees of President Marcos, while out of the eleven members who served under Justice Paras, six Justices were not Quirino appointees, and, out of eleven justices in the Bengzon court, only

five were Macapagal appointees; (2) both Quirino and Macapagal, as well as Presidents Osmena, Roxas, and Magsaysay, with a few isolated exceptions, adhered to the "seniority rule" in their appointments--so their appointees did not have that intensity of "gratitude" to the Boss. (3) Next, the members of the Moran, Paras, Bengzon and Concepcion Courts kept their distance from Malacanang by not socializing with the President or First Lady save for the traditional "courtesy call" of top government officials on the Chief Executive on New Year's Day. (4) Finally, the members of earlier Supreme Courts were characterized by moral courage and delicadeza.

May I stress that these opinions were expressed to me by jurists, lawyers and ex-Justices.

There are several significant cases now pending with the Supreme Court, and people are eagerly awaiting their promulgation--i.e. the repressive Presidential Decrees whose Constitutionality has been assailed by the Integrated Bar of the Philippines, the governorship controversy in Pampanga (provoked by Mr Estelito Mendoza, the government's official-of-all trades), to cite just a few. Certain members of the Court, alas, have the "habit" of holding on to decisions for an unreasonable length of time before releasing these decisions to their colleagues for signature. Are these really "studying" these decisions, or are they freezing the ball? I am tempted to publish the names of these slow-moving Justices in the near future. In the meantime, I'm just asking....

And by the way...Former Assemblyman Reuben Canoy (author of that brave book "The Counterfeit Democracy" has just completed a novel--"Balance of Terror." How about another book on this regime called "Preponderance of Error?"

CSO: 4200/849

PHILIPPINES

OPLÉ, VALDEPENAS DISCUSS ECONOMY, OPPOSITION

Manila BULLETIN TODAY in English 15 Mar 85 p 22

[Article by Bernardino Ronquillo: "Economy, State of Opposition"]

[Text] Monday's "Kapihan sa Manila" early morning dialogue between newsmakers and news writers had a mixed group of guests mainly from the public sector: MP Cecilia Munoz Palma and MP Eva Estrada Kalaw who represented the opposition and Minister of Economic Planning Vicente Valdepenas Jr and Minister of Labor Blas Ople.

MP Munoz Palma and Kalaw were there because the newsmen wanted to get a better insight into the proceedings at what was reported to be the biggest opposition convention in 16 years. Ople continued to be interesting copy not only because his letter of resignation to President Marcos is still awaiting action by the head of government and the ruling party but because he is so straightforward and candid he generally becomes controversial and consequently good copy for the press.

Minister Valdepenas, who came to the Kapihan for the first time, bore the brunt of the questioning on economic development. He was asked, among other things, whether the revised development program, because of its greater emphasis on agriculture development, was not trying to perpetuate a colonial type of economy as some of the critics have pointed out.

His answer: The top priority given to agribusiness does not preclude the industrialization of the major pillars of the economy. The program calls for the processing and therefore giving maximum added value of raw material exports. This, in effect, will be the best type of industrialization because it seeks to maximize the use of indigenous raw materials for processing into finished goods for the overseas markets.

The emphasis given to agribusiness in any case is basic to any program to strengthen the backbone of the economy. Developing agriculture will be building up the rural areas where the bulk of the population lives. Raising the rural folks' income levels will in effect be elevating the living standards of the nation as a whole.

Business feels it has a stake in what the opposition is doing to unite and strengthen itself for the coming parliamentary struggle. So do the other segments of society who believe that a stronger opposition will insure the survival of democracy in this country. Trying to change the existing order through the ballot or through parliamentary or constitutional processes is in any case a better alternative to the "parliament of the street" and much better than an armed struggle which is certain to be more costly and wasteful in the long run.

Ople said he welcomed the active role taken by opposition leaders who had won popular mandate at the last polls and who have reiterated their preference for pursuing their struggle for political and economic reforms through parliamentary processes. He noted, however, that the opposition was silent or less categorical on current issues like the presence of US military bases here and on foreign investment. The opposition obviously has opted to be more flexible on such issues and leaving these for further study.

CSO: 4200/843



PHILIPPINES

COLUMNIST ANALYZES COMMUNIST-MODERATE ALLIANCE POSSIBILITIES

Manila PHILIPPINES DAILY EXPRESS in English 14 Mar 85 pp 4, 5

["As We See It" column by Noel C. Cabrera: "Will Red and Yellow Merge?"]

[Text] Will the parliament of the streets translate itself into an equally dynamic electoral force come local polls next year and the presidential contest in 1987?

In all probability, it should. Even the Communist Party of the Philippines is said to be considering active participation in the coming exercises--whether openly, surreptitiously, or through allies and front organizations, depending on how contradictions within and outside the party are eventually resolved.

If and when it does, will this parliament of dissent stay linked against a common adversary--President Marcos--or will it be fragmented by personal ambitions and ideological conflicts?

The success or failure of the National Unification Conference last Sunday is perhaps better gauged in this light.

Did it bind to a common platform and a common allegiance the traditional as well as the newly-emerged organizations and political parties which manifested militant opposition to the administration after the Aquino assassination?

True, it was an initial attempt at unification of the opposition. And it should be enough for it to have served as a venue for the declaration of common principles and objectives, however general and obscure they were. It was a step that promises more mileage.

But did it bring together all significant parties and groupings in the first place? Clearly, the NUC failed to draw in many of the more vocal and publicly exposed opposition leaders and their organizational bases.

The glaring absence of opposition leaders like Jovito Salonga, Liberal Party president; Aquilino Pimentel, PDP-Laban chairman; respected ex-senators Lorenzo Tanada and Jose Diokno; Cory Aquino, widow of Ninoy Aquino; and other

whose political stock rose during the post-assassination period of national unrest, simply argues against claims of NUC success.

Does the virtual boycott of the unification meeting by the Convenors Group and most of its presidential hopefuls presage a splintered--indeed, polarized--opposition come election time? Perhaps it's too early to tell.

But signs that opposition camps could go their separate ways were already becoming evident as early as last year.

In one demonstration-march late September last year, one could almost pinpoint--through the color of flags and streamers, the chants and shouts, and the rallyists themselves--to which camp a particular portion of the long march belonged.

There was the red, apparently more aggressive and ideological in stance. The yellow, more reserved but cocky in posture. And the blue at the tail of the march, conspicuous by its small number, the handwaving by traditional politicians, and the preponderance of bodyguards.

A human flank, formed apparently by the red separated the blue from the main body of the march.

It would seem that a major obstacle to the unity of all opposition groups at this point is the differences in ideology, or the lack of it in some political parties and platforms.

The red and the yellow could forge a workable alliance, and this is probably what the Convenors Group is all about. Can they survive and hope to win an election without the traditional political parties and politicians?

On the other hand, can the traditional politicians survive the KBL machinery and logistics without the support of the red and yellow groups whose organizations are mostly mass-oriented and mass-based?

If the red and the yellow do work out a common platform; if the national democrats, social democrats, civil libertarians, nationalists, communists, disgruntled businessmen and politicians, and other ideologues who lean to the left manage to get together for the coming elections, then the parliament of the streets would be a force to reckon with.

The only question is: who will head this front?

CSO: 4200/843

PHILIPPINES

VALENCIA ON OPPOSITION 'DETENTE,' OTHER ISSUES

Manila PHILIPPINES DAILY EXPRESS in English 15 Mar 85 p 4

["Over a Cup of Coffee" column by Teodoro F. Valencia: "Detente, Not Unity"]

[Excerpts] The way it sounded to me after listening to every opposition leader explain what happened during the National Unification Conference last Sunday and what will soon happen, the opposition is only out to achieve detente, not unity. Every party will pursue its own goals but every opposition leader is pledged not to destroy other opposition leaders. The only basis of their unity is removal of the KBL from power.

During the "Meet the People" appearance of MP Ramon Mitra, he kept saying he thought there will be a presidential election this year. He should spell out how. Otherwise, he could be misunderstood since there is only one way we will have a presidential election this year. The Constitution does not allow it. The Election Code, neither--so, how?

The Vietnamese thrusts across the Thai border may sound like foreign news but we're involved somehow. If this worsens, we may have to commit our own troops to help a fellow ASEAN country.

Foreign investments are coming in--on their own terms. We have no choice because we're being left out while our neighbors in ASEAN and Asia are offering much better terms. Our plans include giving investors resident visas if they put up \$50,000 instead of the old offer for \$75,000. People shopping around for possible investments are to be given 45-day visas instead of only 21 days.

We are phasing out our export incentives with what we call "subsidy element" but the subsidies on agricultural products will stay untouched. The United States has been asking us to stop subsidizing our agricultural production while they continue to subsidize their own farm programs. That's not only protectionism. That's cheating.

In the case of our nuclear plant, the problem is what to do with something that cost us \$1.9 billion in borrowed money. The National Power Corporation says it is more costly to abandon the project than to operate it. The critics, however, say that it will be more costly to operate it than to scrap it. The cost may not only be money but human lives as well.

CSO: 4200/843

15 May 1985

## PHILIPPINES

## VISAYAS NAJFD CONGRESS, RALLY HELD IN BACOLOD

Cebu City VISAYAN HERALD in English 15 Mar 85 pp 11, 10

[Article by Zac R. Campaner, PRO]

[Text] The Nationalist Alliance for justice, freedom and democracy (Visayas) was organized in a recently concluded two-day congress, March 8-9, 1985, held at the National Union of Teachers Federation (NUTF) hall in Bacolod City. This was attended by about 800 delegates all over the Visayas regionwide, comprising the island of Panay, Negros, Cebu, Leyte and Samar.

In an election held on the second day of the congress, the following are elected members of the regional council, namely: 1. Frankie Cruz--(Negros). 2. Joel Vargas (Iloilo). 3. Nonoy Aleria (Samar). 4. Waly Banzon (Leyte). 5. Rev Fr Boy Dumport (Bohol). Res Salvatierra (Tacloban). 7. Oligario Santesteban (Panay). 8. Neneng Corrales (Tagbilaran City). 9. Edmund Manlapao (Bacolod). 10. Fr Walter (Samar). 11. Vic Balbuena (Cebu). 12. Zac R. Campaner (Cebu). Among themselves they elected the four officers except the chairman who is elected at large. Chairman--Frankie Cruz. 2. Secretary/General--Oligario Santesteban. 3. Deputy Secretary General, Cora Pelobello. 4. Press Relation Officer (PRO) Zac R. Campaner.

Atty Alex Padilla (the son of former Senator Ambrosio Padilla) Secretary General of the Nationalist Alliance for justice, freedom and democracy, who was the keynote speaker of the NAJFD, Visayas congress recalled how former Senator Claro M. Recto (deceased), Former Senator Lorenzo Tanada and former Senator Jose Diokno advocated Nationalism as a step towards national unity and prosperity of the Filipinos. He suggested to the delegates that the people should be able to understand fully of Nationalism, as even Marcos himself spoke of Nationalism and love of country. Touching the issue of imperialism in the country which is one of the evils of Philippine Society he suggested that all out campaign should be made to let the people be aware of the imperialist ploy to make the country subservient to foreign power.

In the afternoon March and Rally was held. It started at about 2:30 PM from the new bishop residence passing the principals streets and ended up at Bacolod Plaza with a crowd of close to 7,000 mostly peasants and

agricultural workers. Padilla who spoke on the rally scored on the NUC or National Unification Committee for giving only 10% voting rights for the cause oriented organization. He said during Martial law the politicians were nowhere to be found. Now that the people is on headway after years of confrontation with the US Marcos regime, they are only giving 10% voting rights. This is unfair. He further said "Kong sino ang Nagbuhos nang dugo para sa bayan almost daily in defense of human rights, it is the cause oriented groups and not the politicians. Each delegate per Island was given the opportunity to express the condition of their island. The rally ended up with the burning of the effigies of President Ronald Reagan and Pres Marcos.

CSO: 4200/843

PHILIPPINES

SWISS GROUPS URGE HALT TO HUMAN RIGHTS VIOLATIONS

Cebu City VISAYAN HERALD in English 15 Mar 85 p 11

[Article by Percival Alejandro]

[Text] Swiss human rights groups have urged President Marcos to stop the military from committing further violations of human rights and to release all political detainees held in various military stockades throughout the country.

In a petition sent to the president as well as to the Supreme Court, 19 lawyers' and human rights' organizations in Switzerland also asked the Philippine government to fully restore human rights in the country.

The Swiss petition was issued while a Filipino Catholic nun, Sr Mariani Dimaranan, was meeting with the UN Commission on Human Rights regarding the human rights situation in the Philippines. Sr Mariani, a representative of the Pax Christi International and chairperson of the Task Force Detainees of the Philippines spoke before the UN body last February 25. Her subject was torture and other cruel forms of treatment of political detainees, and involuntary disappearances.

Among the signatories to the petition were the Association of Progressive Jurists, Democratic Jurists of Switzerland, Human Rights League of Switzerland, Third World Center in Europe, Socialist Workers' Party and Labod Party of Switzerland.

The Swiss groups cited reports on militarization and human rights violations submitted by Philippine and international Commission on Jurists (ICJ) in August 1984.

According to these reports, no fewer than 1,705 Filipinos were summarily executed and a thousand others arrested for political reasons since 1977. During military anti-insurgency operations the reports said, entire villages were bombed and strafed. Some communities in Lanao de Sur in the island of Mindanao were subjected to napalm bombing. Large-scale evacuation of thousands of people (hamletting), it was added, continues despite a halt order by the Ministry of National Defense in 1981.

Meanwhile, speaking before the UNCHR, Sr Mariani characterized the present human rights conditions in the country as deteriorating. This is the case, the ex-political detainee said "notwithstanding the declared lifting of martial law (in January 1981) and in spite of previous appeals of the government (to stop military abuses)."

To prove her point, Sr Mariana revealed that after martial law was lifted, the number of disappearances or missing persons increased. From 1982-1983, the number of missing persons increased by 245%, up from 42 to 145. Extra-judicial executions (salvagings) rose by 75%, from 210 to 368. In 1984 the number increased to 445.

Sr Mariani also shared with the UN commission her observations on other features of the human rights problems based on her 11-year stint with the TFD. She appealed to UN member-nations to urge the Philippine government to put an end to militarization and respect the human rights of its people.

As expected, the Philippine government, which is represented in the UN body, denied the allegations on the violations of human rights by the military as cited by the ICJ. In her rebuttal, which was made two days after Sr Mariani's speech, delegate Victoria Sisante Bataclan branded as hearsay the reported napalm bombing in Lanao del Sur. (The case is now under investigation at the Batasang Pambansa or National Assembly).

Bataclan likewise placed it on record that her government is on a campaign to weed out from the military abusive soldiers. The recent military mission to rescue kidnaped Roman Catholic Bishop Federico Escaler from his alleged Muslim rebel captors, she said, exemplifies her government's policy to protect human rights.

The Philippine case on torture and disappearances as raised by Sr Mariani is now under discussion at the UNCHR's working group. Forty-three UN member-nations are represented in the commission. (The Philippines' term expires in 1986). The UN commission is presently headed by the delegate from Bangladesh. (PNF)

CSO: 4200/843

PHILIPPINES

PAPER SAYS NPA DRIVE LOSING STEAM

Davao City PEOPLE'S DAILY FORUM in English 15 Mar 85 pp 1, 6

[Article by Nino S. Torres]

[Text] The CPP/NPA campaign of terror, deceit and coercion is rapidly going downhill in the wake of three major setbacks suffered by the communist criminals in three fronts this week.

The biggest debacle that struck the outlawed movement was the lightning arrest of Patricio Relacion, a ranking commander of the main regional guerilla unit (MRGU) of the CPP/NPA with four others in Bangkerohan here this week.

Relacion was to have coordinated with a certain Commander Albert, who headed the armed city partisan unit otherwise known as the NPA liquidation squad, on a plot to sow terror in the city in time for the Araw ng Dabaw celebration.

Part of the plot was to swap men between MRGU and the group of "Albert" in a week attempt to mislead government intelligence men who were closing in on the members of the liquidation squad.

The NPA criminals suffered another reversal when two of their ranking members were killed and two others captured in a violent encounter with two teams of police and army soldiers at sitio Banayao, Kidadan, Sta. Maria in Davao del Sur. Slain were alias Romel and alias Jay, believed deputies of a certain Commander Gil. Two others, Fernando Retardo and Fernando Millan were wounded and captured in the firefight.

The two government teams led by police lieutenant Olegario Labanon recovered two cal. 30 MI garands, a cal. 30 M1 carbine, one 12-guage shotgun and subversive documents. Labanon said the other members of the nine-man NPA group fled towards Pitu Pito in Malalag when intercepted by a government blocking force led by a certain Sgt Francevilla. The enemy then withdrew towards the Mt Tongali ranges, most of its members limping away.

Recovered from the fleeing group were assorted medicines, syringe needles and medical kits believed taken by the criminals from the Kidadan health center. No casualties were reported on the government side.



Elsewhere in the region, four NPA criminals were killed in another encounter with a joint team of scout rangers, policemen and home defense volunteers in barangay Panag, New Bataan in Davao del Norte.

Slain were a certain "Samuel Ablanski" alias Commander Rudy, Nonoy Pancho, an alias Commander Rod and a fourth companion who has not been identified. Two 38 cal. revolver were recovered from their dead bodies.

CSO: 4200/843

PHILIPPINES

NORTHERN LUZON COMMANDER OFFERS NPA TRUCE

Manila BULLETIN TODAY in English 18 Mar 85 p 17

[Article by Pete Fonti Mabazza]

[Text] Camp Marcelo Adduru, Tuguegarao--Brig Gen Thomas P. Manlongat, 2nd PC/INP regional commander, has raised the flag to truce to all leaders and followers of the New People's Army (NPA) in the Cagayan Valley region.

"Come down from your hideouts and let us discuss all your grievances against the military and the government," Manlongat said.

He said he can secure safe conduct passes from Defense Minister Juan Ponce Enrile and Lt Gen Fidel V. Ramos, acting AFP Chief of Staff, for all rebels who will dialogue with him.

Manlongat said he can meet NPA leaders "anywhere, anytime at their convenience" in the region to stop the on-going fight with the military.

After the dialogue, the rebels may go back to their hideouts unmolested by the military, he assured.

On the charges of the NPAs that the military had committed several atrocities against civilians, Manlongat said all complaints filed in his command were acted without haste. Many soldiers who were found to have committed abuses were either suspended, demoted or dismissed depending on the gravity of abuses committed, he said.

He said that he had effected a major revamp in the regional command to improve the credibility and discipline of the officers and soldiers.

Among those reshuffled include:

--Col Mariano Castro, assistant chief of staff (ACS) for personnel to regional inspector general. Maj Enrique Esteban took over as ACS for personnel.

--Lt Col Benjamin Aguinaldo as ACS for civil military operations vice Col Lorenzo Detran who retired.

--Maj Medardo Apacible as ACS for intelligence vice Lt Col Dominador Resus who is on schooling.

--Maj Jose Dalumpines, ACS for operations vice Lt Col Miguel Coronel who is also on schooling.

--Capt Alfredo Marquez as commanding officer of the regional direct support staff vice Capt Rufo Cayabyab who was designated as regional command engineer.

--Maj Alex Tamani as provincial commander of Batanes vice Maj Vidal Demobildo who was reassigned to the Recom headquarters.

Tamani was the assistant provincial commander of Nueva Vizcaya before his new designation. Col Rufo Pulido is still the provincial commander of Nueva Vizcaya, Manlongat said.

Manlongat said he will release the names of all erring PC/INP officers and men as part of the program to purge the military of misfits.

CSO: 4200/862

PHILIPPINES

CAGAYAN GOVERNOR OFFERS TO MEET WITH NPA

Quezon City ANG PAHAYAGANG MALAYA in English 15 Mar 85 p 4

["Now and Then" column by Jose J. Burgos, Sr: "Cagayan Governor Offers New Plan"]

[Text] I read the other day that Gov Justiniano Corez of Cagayan, a good friend, has offered to meet with the leaders and followers of the New People's Army anywhere in the province to convince them to lay down their arms and surrender so they could be granted amnesty.

The former Quezon City fiscal and retired justice of the then Court of Appeals has thought of this step to solve the growing dissidence in Cagayan which is hampering the economic development of the huge province and causing so much loss in lives and property. The province is the hotbed of the NPA insurgency in Northern Luzon.

This offer of Justing Cortez is an act of courage considering that local government officials are reported to be in the target list of the NPA. But his concern for his constituents and for the welfare of the province is to him, more important than his personal safety.

Going to meet the dissidents in any place of their choice is, of course, placing his life on the line. He may fall into a trap from which there is no returning alive.

On the other hand, Gov Cortez may undoubtedly feel that no risk is too great if only to achieve peace in his province and stop the "war" which has been going on in his province for the past 10 years or so--a war which has been ironically escalating since martial law descended upon us--a martial law supposed to solve the insurgency problem.

This move of the Cagayan governor to dialogue with the rebels opens the door to a possible solution of the critical situation.

For the elected provincial governor is the acknowledged leader of the province. He is known to all, even to the NPAs. He is respected by the people of all the municipalities and the barangays. The NPAs may respect him and may be willing to meet with him for a discussion of their grievances. They may be tired of leading the life of the hunted, running from place to place, not knowing when the law may catch up with them.

So, let Gov Cortez undertake the mission he has evolved. It may succeed where military operations have been a failure.

The anti-dissident campaign will thus be transformed from a purely military operation to purely civilian undertaking--a change in strategy which may work.

If the President will give the go-ahead signal to Gov Cortez and authorize him to negotiate with the NPA rebels of his province--with other governors and mayors following suit--this may be the breakthrough that may lead to the solution of the country's most bloody and vexing problems.

CSO: 4200/842

PHILIPPINES

NPA 'INVISIBLE GOVERNMENT' KEEPS PEACE IN NEGROS

Quezon City ANG PAHAYAGANG MALAYA in English 15 Mar 85 p 6

[Article by Edgar Cadagat]

[Text] Bacolod City--An invisible government run by the New People's Army (NPA) has seemingly taken over from government military forces the task of keeping the peace in selected areas in Kabankalan town, sources told Malaya over the weekend.

The same sources said that the NPA may be collecting taxes from planters in the town, an allegation supported by some Kabankalan sugar planters who granted Malaya an exclusive interview.

The NPA apparently took over the peace-keeping function in the areas because of the seeming inability of the 7th 1B to prevent the occurrence of petty crimes in the town.

The planters said that despite the P70,000 monthly contributions being made by the municipal government for the operations of the 7th 1B, petty crimes continue to proliferate in the town.

The planters even voiced preference for the Philippine Marines who they said have a reputation as a "go-for-broke" unit.

Earlier, sources told Malaya that 50 armed men, believed to be NPA members, hijacked two cargo trucks belonging to Jose Vicente Dianongco and Rene Lacson, two prominent Kabankalan planters.

Dianongco's truck was hijacked Feb 11 at sitio Garol, barangay Tampalon. It was later found abandoned in a sugarcane field in the same barangay, already burned and its engine smashed. The truck was a complete wreck.

The hijacking apparently stemmed from the arrest of 30 protesting workers from Dianongco's farm and the strafing of the workers' houses by the Charlie Company of the 7th 1B.

Sources added that Dianongco may have incurred the ire of the NPA following his refusal to give donations to the insurgents, while he maintains a regular contribution to government forces.

Lacson's faded green Isuzu truck has not been found since its confiscation on Feb 11.

CSO: 4200/842

PHILIPPINES

NPA, KM RETURNEES ADVISE AGAINST 'SALVAGING'

Quezon City ANG PAHAYAGANG MALAYA in English 15 Mar 85 p 6

[Text] Balanga, Bataan--The salvaging (summary execution) of suspected members of the New People's Army (NPA) can never be an effective means to bolster the government's counter-insurgency drive.

This view was expressed by Noni Vallinueva, one of the resource speakers in a seminar on "Filipino Ideology" held at the Camp Tolentino PC headquarters last March 1. The other speaker was Nilo Tayag, former head of the outlawed Kabataang Makabayan.

Attended by PC officers, district and police station commanders, enlisted men and municipal mayors, the seminar was initiated by Col Jose S. Andaya, PC provincial commander, to teach Filipino soldiers and government civil servants the importance of Filipino ideology in fighting off insurgency.

Villanueva, a former NPA commander before joining the government, pointed out that the government's drive against insurgency should not be measured by the so-called "body count" (the number of subversives killed).

"Kahit ilan pang subersibo ang patayin ninyo araw-araw hindi mauubos ang mga iyan. Lalo lang silang dadami," (No matter how many subversives you kill every day their number would not decrease. Their tribe will increase instead), Villanueva told the participants.

He added that military men should understand the cause being espoused by the NPAs. He said that the NPAs have adopted foreign ideologies which Filipinos could never embrace.

Villanueva and Tayag are now connected with Malacanang and are helping President Marcos propagate the "Filipino Ideology."--Greg O.

CSO: 4200/842



PHILIPPINES

CHURCH GROUP DENIES REMARKS ON THE NPA

Quezon City ANG PAHAYAGANG MALAYA in English 16 Mar 85 p 2

[Text] A ranking churchman denied yesterday a foreign press report that a church organization had indicated it expects a revolution with the communist New People's Army (NPA) as a significant participant and arguing for the retention of the NPA as the standing army of the post-revolutionary era.

Executive secretary of the National Secretariat for Social Action (NASSA) Fr Cesario Y. Sanedrin made the denial following a report in the Feb 28 issue of the Hong Kong-based Far Eastern Economic Review.

The weekly international magazine's report said in part "...a priest in Manila who helps organize the National Secretariat of Social Action argues that the NPA is necessary as an army to hold the new society--after the revolution--together."

Fr Sanedrin said the NASSA is an institution of the Catholic Bishops Conference of the Philippines (CBCP) and has long been organized so "no priest and nobody else for that matter helps organize NASSA."

Fr Sanedrin also wrote the editor of the magazine demanding "proper and immediate corrections" on the article.

Fr Sanedrin said the article might again "put NASSA on the spot and make its staff a target for military action."

It will be recalled that after a foreign journalist wrote about the alleged involvement of the church in the underground movement in Samar, the military raided the diocese of Calbayog. Among those nabbed after the raid were Fathers Edgardo Kangleon, Pete Lucero and Orlando Tizon.

Fr Kangleon, the diocese's social action director, died after a mysterious accident several months after his alleged confusion, since denied by way of a paper Fr Kangleon wrote before he died and made public by his parents after his death.

Fr Lucero was cleared of charges against him while Fr Tizon remains under military custody in Davao City.

CSO: 4200/849

PHILIPPINES

MALAYA FEATURE ON CPP LEGALIZATION, PKP ROLE

Six Viewpoints on Legalization

Quezon City ANG PAHAYAGANG MALAYA in English 17 Mar 85 Sunday Supplement  
pp 5, 6

[Article by Gene Orejana: "Six Viewpoints: Should the CPP Be Legalized?"]

[Text] Much has been said about a much talked about proposal--the legalization of the Communist Party of the Philippines (CPP).

Dubbed as Parliamentary Bill 638, a few members of the opposition in the Batasang Pambansa sought the legalization of the CPP as long as "it agrees to disown armed violence."

President Marcos, from published reports, declared that "there is no law in the country outlawing the Communist Party." Mr Marcos added that Decree No 885 of February 3, 1976 had already repealed Republic Act 1700, the anti-Subversion Law, "as a result of the decision to normalize relations between the People's Republic of China (RPCO) and the Union of Soviet Socialist Republics (USSR)."

The law now reads: "any association, organization, political party, or groups of persons organized for the purpose of overthrowing the government of the Republic of the Philippines, with the gun or covert assistance and support of a foreign power by force, violence, deceit, or other illegal means shall be considered and is hereby declared an illegal organization."

Mr Marcos also said that, for the CPP to be recognized as a political party, "all that is needed for any political party under any label, name or title, is to register as a peaceful organization, disowning violence and force for the takeover of the Philippine government with or without the support of a foreign country, group or persons."

However, these pronouncements were not left out without a barrage of arguments and contradictions dished out by some opposition assemblymen.

Member of Parliament Marcelo Fernan of Cebu argued that Presidential Decree 1835, codifying the Anti-Subversion Laws, "expressly provides that the CPP is declared to be an organized conspiracy for the purpose of overthrowing the government of the republic."

"How then can it be said that there is no law declaring the Communist Party illegal?" Fernan asked in an article published in the Bulletin Today a month ago.

According to MP Homobono Adaza of Misamis Oriental, the CPP had always been an outlawed organization under PD 1835. Adaza contended that the decree did not mention by name the CPP but the definition in Section 2 has "obviously outlawed the party."

Moreover, opposition leader Teofisto Guingona stated that the Communist Party is not illegal because Presidential Decree 885 has already repealed Republic Act 1700.

In an article published in the Bulletin Today entitled "The problem of legalizing the Communist Party," former Philippine president Diosdado Macapagal wrote that "the legal quibbling between the administration and the opposition, the simple fact is that the present CPP, together with its military arm, the New People's Army (NPA), is illegal; hence the proposal in opposition circles to legalize the CPP is proper and cannot be waved away through the clarification of policy by President Ferdinand Marcos."

For this matter, Sunday has gathered some viewpoints, comments and opinions on the legalization issue. Here is what some Filipinos think of the proposal:

Dr Melecio S. Magno, Ph.D., Former Minister of Science and Chairman of the National Science Development Board (NSDB).

"I am not in favor of legalizing the CPP at this time when our country is faced with serious economic problems. Although the communist parties in many countries are not outlawed, most of those countries have strong and stable democratic governments as well as economies and there is very little likelihood that the people will vote for a change from democracy to communism. I am not sure that under the present circumstances such a change cannot happen in some areas of our country, if the CPP is allowed to field candidates in the local elections. Communism in practice is not the answer to our present problems."

Julie A. Amargo, President, Kilusang Mamimili ng Pilipinas, Ink. IKMPI)

"I think it is in accordance with world trends. Industrialized countries long ago have legalized communism. If we have to look at the global aspect, China which has a population of about 1 billion is a socialistic form of government. And there is not much difference between socialism and communism. As a matter of fact, if you look at the point of view of the Soviets,

they have what you call the union of socialist republics. In other words, it is communism as a super power that protects the socialist countries. So, to me, I feel that just like religion, you do not outlaw any religion. "You believe in the Muslim religion, the Catholic religion, Protestant, Lutheran and all kinds of religion--that's a belief. And the more open we are on ideologies, the better it is for us to understand it.

Our countrymen are accused of being subversives when probably they are just expressing their nationalistic sentiments. So, if it is legalized, then everybody will come out in the open and express their beliefs. I do feel that the Filipinos can see the extremes of both, democracy and communism and all other "isms." When they do so, they will benefit out of that because they will avoid it. If we do things in the open, there can be no subversion. This is a belief and you stand by your beliefs, like religion, until some circumstances change it. We are opting for freedom, but freedom of what--freedom of religion or belief, provided that it is not liberty that is abused."

Francisco S. Tatad, President, Socialist Democratic Party (SDP)

"Why are we talking of the legalization of the CPP? Is it an idea "whose time has come," or is it simply another hobby-horse? Is it a "burning issue," or are there not more important--and more urgent--social--not simply political--issues?

"Assuming it is important and urgent, who is, or who are proposing it? Why is it being proposed? What do the communist leaders themselves have to say about it? The proposal comes from persons who are not members of the CPP-NPA and have obviously nothing to do with it, and they are proposing it either to rob the CPP-NPA of its "mystique" or to confer upon it a status "it has long deserved."

"There is nothing wrong with the basic idea. A free society--which is what we say we are seeking to build--is one in which even "dangerous" political ideas must be free to compete in the marketplace--as ideas. In such a society, communism should be free to announce its merits and win adherents in the same manner that its enemies should be free to warn against its dangers and sell something else. But there is no free competition where one political belief or one political party is backed by an armed force, while all the others are prohibited from possessing an equivalent armed force.

"Any proposal to accord the CPP the status of a registered political party must address this specific question: Is it willing, as a precondition, to renounce armed struggle and to dismantle the NPA? This precondition cannot be waived for the simple reason that none of the political parties have an army; only the state--which is separate and distinct from the KBL--has an army.

"The only alternative is to authorize the other parties to organize their own respective armies. But this is an absurdity. The result will be armed confrontation or war and the destruction rather than preservation of the processes we identify with democracy.

"Because of this, it is absolutely necessary that the proposal come not from outsiders, but rather from the leaders of the CPP-NPA. They are the only ones who can bind their party. My impression, however, is that the CPP-NPA has grown despite the lack of a legal status: I don't believe it will give up anything just to be on the same footing as the Nacionalista Party, Liberal Party, People's Democratic Party-Lakas ng Bayan, SDP, and the other parties under the United Democratic Organization."

Rommel Corro, journalist

"To my mind, this proposal is long overdue, in the sense that if the Philippines has already established diplomatic ties with the Peking government and Moscow, I see no reason why we should not legalize the CPP. This is one way of finding out what the Communist party is up to. In the meantime it is not yet legalized, when a Filipino citizen is suspected of being a subversive, which means he is a communist, in most cases, he is easily branded an enemy of the state and accused before the courts.

"While it is not legalized, the organization or supposed members are considered underground and leaders are jailed like Satur Ocampo and Sison et al. Why can't they legalize the CPP, let them participate in politics and let the people judge whether or not they have a better alternative than our present system. It is part of democracy after all. If the Philippine government, which is headed by President Marcos, believes that we have a strong case for democracy why should we be afraid to legalize the CPP? And let the citizens decide themselves whether the communists can offer a better system.

I believe that the moment the CPP is legalized they would have no other choice but to be part of the system. This means they are authorized, they have the freedom to participate in a free debate. The armed force, which is the New People's Army would cease to exist because that army is rather destructive in its form. As of today, this army operates in the countryside with impunity. A lot of people are caught in the cross-fire.

With the legalization of the CPP, I believe that if (NPA) would have to tow the line.

Criselda Yabes, President UP Journalism Club

"I am in favor of legalizing the CPP so its members should also have the right to present their principles and ideas. This is essential to a democracy. There are, however, a number of implications regarding this matter. In the case of the government, how fair and sincere would they be in recognizing and accommodating the communists? Some oppositionists might not be willing to compromise with the communists at all. However, there is also

the question of the party's goals that should be taken into consideration. Will they be able to come to terms in achieving their goals if legalized? I suppose the CPP, in some ways, has to make the ultimate decision."

Antonio C. Martinez, Member of Parliament, PDP-LABAN, Caloocan

"Well, at this point in time, I am still studying the matter. It involves a lot of soul-searching because it is a very sensitive issue. The move has great political implications since this is a country with historical relations and alliances with other countries which have in some way or another, helped us. The idea of deviating from a traditional way of life is something that needs serious consideration and I have to give the matter much more thought."

#### Lava on PKP-CPP Reconciliation

Quezon City ANG PAHAYAGANG MALAYA SUNDAY SUPPLEMENT in English 17 Mar 85  
pp 7, 8, 16

[Article by Ike Suarez: "Jesus Lava: 'Reconciliation with CPP Still Possible'"]

[Text] Three decades ago when the Communist-led Huks were knocking at the doors of Manila, Jesus Lava was a man whose very name was feared by many Filipinos.

The secretary-general then of the Partido Komunista ng Pilipinas, he was instrumental in drawing up the PKP-Huk plan during the early fifties of seizing political power in the country through armed struggle.

The plan called for a series of quick offensives against the forces of the Philippine government. From their strongholds in central and southern Luzon, the Huks were to attack military detachments and major centers of population. Victory was aimed to be achieved by them within a few years.

Thus, the PKP-Huk plan differed from the strategy being pursued today by members of the re-established Communist Party of the Philippines and the New People's Army. Those from the CPP and the NPA follow the Maoist dictum that a protracted guerrilla war in the rural areas is necessary before they can seize political power.

The Huk rebellion was crushed by the government and the rebellion's leaders suffered different fates. Jesus Lava led the life of a hunted man until his capture in 1964. For a little more than a decade, he stayed in prison.

Today, Jesus Lava is once again a free man, having been released from prison late in 1974. Once the architect of revolution, he no longer believes that a revolutionary situation exists in the Philippines.

By the standards of the "establishment," he is today leading a respectable life. A 1938 graduate of the UP college of medicine, he now works as a medical examiner for the country's largest life insurance company.

Though a practicing doctor at present, Lava has not abandoned his political activities. He is still a card-carrying member of the PKP. Unlike the CPP which has more members, the PKP believes that only legal forms of struggle must be engaged in today by Filipino communists.

Unlike also the CPP, the PKP does not subscribe to the tenets of Mao Ze Zong. Though it is an independent communist party, the PKP acknowledges the ideological leadership of the Communist Party of the Soviet Union. In 1973, the PKP made a political settlement with President Marcos which enabled it to exist legally.

Having been the PKP's secretary general once, Lava is highly esteemed by the Old Left. In fact, he is regarded as its patriarch.

The new Philippine Left, however, hates him. Those who belong to the CPP or the NPA regard Jesus Lava as a revisionist, said to be, one of the dirtiest words a communist can ever hurl at another communist. In Marxist-Leninist terminology, a revisionist is a communist who consciously strays from the correct ideological path. Despite repeated urgings by comrades, he refuses to mend his ways. Thus, for communists, a revisionist is a traitor to their cause.

No matter what the New Philippine Left may think of him, Lava is a likeable person when one gets to know him personally. Seventy years old and bespectacled, his lean frame suggests an ascetism that is a legacy from his revolutionary past. One usually receives the impression that he has a calm and very analytical mind.

Though CPP members may hate him and his party, Lava hopes that the two parties will reconcile someday. "The two parties need not merge," he states, "but simply cooperate and work along parallel lines." Implied in this statement is the assumption that the CPP will eventually abandon armed struggle in favor of parliamentary struggle.

The patriarch of the Old Left believes that it is time that the hatred between both parties cease. He claims that it was understandable for the members of the CPP to have hated the members of the PKP in 1968. This was the year when a group of young Marxist intellectuals broke away from the original communist party to form a new Philippine communist party that was Maoist in orientation.

"Now that so many years have passed since the CPP's founding," he says, "I cannot understand why CPP members still harbor so much hatred against me or the PKP." There is a need, according to him, for all anti-imperialist forces--PKP and CPP included--to unite and work together.

Despite Lava's hopes for reconciliation, it is clear that a wide doctrinal chasm separates the PKP from the CPP. It is this ideological schism that makes a good number of observers doubt that the two parties will ever patch up their quarrels someday.

On the issue of whether or not a revolutionary situation exists in the Philippines today, for instance, the two parties take diametrically opened views. The PKP and the CPP too are at odds over certain points of Marxist doctrine as it applies to the local situation and to the world communist movement.

The PKP maintains that no revolutionary situation exists in the Philippines today, hence, its preference for parliamentary struggle. The CPP, on the other hand, insists that prevailing conditions in the country are favorable for revolution. Thus, it has organized the New People's Army for purposes of overthrowing the Philippine government.

Lava feels that the PKP has no need to prove the non-existence of a revolutionary situation in the country today. "Those who insist that a revolutionary situation exists should be the ones to do the proving," he says. He is content with paraphrasing Lenin's definition of what a revolutionary situation is and asking those interested if this indeed is what is happening in the Philippines today.

According to Lenin, a revolutionary situation exists when its ruling classes no longer can rule as they used to while those ruled are no longer willing to follow the ruling classes as they used to. For Lava and the PKP there are indications that this is not what is happening in the Philippines today.

The fact that the movement to boycott the 1984 elections failed is one sign that a revolutionary situation does not exist, Lava says. "The boycotters did not succeed," Lava states, "in the same manner that the PKP did not succeed when it tried to instigate a boycott of the 1951 elections."

The PKP also questions the soundness of launching in the Philippines a protracted guerrilla war along classical Maoist lines. If ever a revolution were to be launched here, this party's members declare it should be a quick uprising with all the country's provinces and cities simultaneously rising in revolt.

"The fact that the Philippines is an archipelago makes it unsuitable for a Maoist type of revolution," asserts Lava. He explains that a guerrilla war launched along Maoist principles always entails the need for a sanctuary, a friendly border state where guerrillas can obtain arms, train, rest, and flee to whenever government troops superior in numbers and arms pursue them. Since the country is a collection of islands, there is no other country at its borders where guerrillas can obtain a haven.



At present, the CPP and the NPA are trying to build sanctuaries in the country's forested and ruggedly mountainous areas, if they have not built them already. These bases are envisioned not to be fixed. Instead, they are designed to be mobile and to be abandoned if necessary.

If these bases exist today, Lava claims that it is only because the military has been tolerating their presence. He believes that they will be easily smashed once the AFP finally decides to destroy them.

Quarrels over the finer points of Marxist doctrine are plenty too between the PKP and the CPP. For the past 17 years the two parties' theoreticians have devoted their energies to hurling polemical diatribes at each other.

The CPP, for instance, believes that the country's primary problems are imperialism, feudalism, and bureaucrat-capitalism. The social basis of US imperialism in the country, says its theoreticians, is feudalism.

The PKP disputes the CPP thesis. "US imperialism is the country's problem and everything else is secondary," Lava declares. The fact that a certain amount of "neo-colonial" industrialization has taken place here, according to him, has made feudalism cease as the social base of imperialism.

The question of leadership of the world communist movement is also a bone of contention between the PKP and the CPP. The PKP maintains that the Communist Party of the Soviet Union is the undisputed leader while the CPP claims that no communist party in the world today can claim the mantle. "All communist parties at present are equal and independent, says Jose Ma. Sison, guru of the New Philippine Left and alleged by the military to be the CPP's founding chairman.

Lava counters by saying that he agrees with Sison that all communist parties in the world today are equal, independent of each other, and fraternal. "But since the CPSU has had the most experience in building up socialism," he adds, "it deserves to be regarded as the leader of the world communist movement."

At the root of this doctrinal dispute is the issue of whether or not the Soviet Union is a social imperialist country as claimed by the CPP. According to Lava, the term "Soviet social imperialism" was coined by Mao Ze Dong, but was never defined by him. "If the Soviet Union is imperialist," he states, then it should be called such and not social imperialist. However, he points out that a country in the world today engages in imperialism only when it has reached the highest stage of capitalism. Since the Soviet Union never veered away from the socialist path, it cannot be imperialist.

The proof of the correctness of a political doctrine is always the success with which its adherents meet when they try to apply it, all communists believe. The relative success that the CPP has met these past few years is the reason why its members claim doctrinal superiority over the PKP. IF CPP claims are to be believed, it now has 30,000 members and had

20,000 men bearing arms who are spread out in 57 out of the country's 73 provinces. According to its propagandists, its armed struggle will soon reach the strategic stalemate, the second in the three stages of a classical Maoist revolution.

In contrast, the PKP has much fewer members and many a time, it is considered a non-entity in Philippine politics. Moreover, it seems to have little appeal to the youth unlike the CPP which always has a steady stream of young adherents.

For Lava, these are not proofs of the CPP's doctrinal superiority. Instead he insists that the CPP's gains are only temporary and have been brought about by Marcos' having stayed in power for too long. Marcos' repressive ways plus his inability to solve the country's pressing social problems have forced many to support the CPP even if they would never normally do so, the patriarch of the Old Left argues. "Filipinos are used to periodically changing their governments through elections," he adds. Marcos' having frustrated this together with widespread abuses by the military have fanned the flames of rebellion, according to him.

At the same time, Lava admits that the CPP has very good cadres who are courageous, dedicated and adept at organizing people. The high quality of the CPP's cadres, according to him, has enabled it to expand its activities in many parts of the country.

Nevertheless, Lava feels that the sacrifices made by the CPP's young cadres are totally out of proportion to the CPP's gains. "It is a pity," he laments, "that so much young blood is being spilled."

The fact that the CPP has more young adherents is attributed by Lava to the appeal that revolution always holds for the youth. "When the PKP advocated armed struggle during the early fifties," he claims, "it was also able to draw many young people to its fold."

Lava admits too that the PKP has many organizational weaknesses which have caused it to have fewer members than the CPP. However, these will eventually be corrected enabling the PKP to build its organizational structure.

"When the niceties of a liberal democracy shall have been restored," Lava declares, "the CPP will no longer be able to make gains as impressive at present." He is convinced that this will be the scenario in a post-Marcos era, because it will be to the best interests of the United States which greatly influences Philippine politics.

Lava believes that it will be the traditional oppositionists who will take over from Marcos, since the anti-imperialist forces still lack sufficient strength to assume the reigns of power. Nevertheless, the changed political atmosphere will enable the PKP to expand as it devotes all its energies to parliamentary struggle.

The CPP's claims of doctrinal superiority, meanwhile, do not bother Lava. "Maoism has been discredited in its own homeland, China," he points out. This development, he maintains, leaves open to doubt the validity of Mao Ze Dong thought as a Marxist doctrine.

Doctrinal differences aside, Lava expresses optimism that the two communist parties will eventually reconcile in the future. He reasons that this is possible since the PKP and the CPP are both committed to the cause of social justice. Rejection of this possibility by the leaders of the CPP, according to him, would make them dogmatists.

The fact that the PKP and the CPP have been at ideological odds for so long makes the possibility of their reconciliation seem farfetched at present. Nevertheless, as in Philippine politics, anything can happen in communist politics. Witness the many doctrinal twists and turns that have taken place in communist countries over the years.

After all, according to Lenin, communists should never regard Marxist political doctrine as a dogma, but consider it as merely a guide to action. Thus, it would not really be surprising if the members of the two warring Philippine communist parties would one day regard each other as comrades.

#### Taruc on Peaceful Reform

Quezon City ANG PAHAYAGANG MALAYA SUNDAY SUPPLEMENT in English 17 Mar 85  
pp 7, 8, 16

[Article by Ike Suarez: "Luis Taruc: On the Path to Peaceful Reform"]

[Text] Once upon a time, Luis Taruc was a man who was very much identified with the cause of revolution. Today, however, he is a man who is hated by those who advocate revolution in the country.

Taruc was the Huks' highest-ranking commander during the early fifties. As such, he was the military leader of the peasant guerrillas from central and southern Luzon who, at that time, rose in rebellion against the government.

The armed might of the military shattered the Huks' apocalyptic visions of seizing political power within a few years. With the Huk forces in disarray, Taruc surrendered to the government in 1954 and was imprisoned for 15 years.

Taruc is no longer the revolutionary he once was. Having served as assemblyman in the Interim Batasan Pambansa, he is now the president of the Federation of Agrarian and Industrial Tilling Hands (FAITH) which has its offices inside the Ministry of Agrarian Reform building in Diliman, Quezon City.

A good number of peasants and workers visits Taruc in his office daily. They usually see him to seek his intercession with the powers-that-be either because they have problems with a particular government office or they feel they are being persecuted by powerful personages.

Because, perhaps, of his persistent claims that he was ideologically a socialist and never a communist, Taruc is much sought after as a speaker before groups espousing reformist causes. Quite often, he addresses civic associations on the need for reforms in the country.

Though he may be popular with reformist groups, Taruc is loathed by the New Philippine Left. Members of the Communist Party of the Philippines and the New People's Army consider him as a "black bourgeois renegade." His surrender, according to them, serves as a negative example for any true revolutionary.

Taruc replies in kind by accusing the communists of intellectual arrogance. "The trouble with them," he says, "is that they immediately call you dirty names if you disagree with their political line." He adds that communists think that they alone have the solutions to the country's economic and social ills.

At the same time, Taruc explains the circumstances behind his surrender. He says that in 1954 the situation of the Huks was hopeless. During the early fifties, he says he never believed in the PKP's call to armed struggle. But like a good soldier, he did his best to implement the PKP plan to seize political power. When it was obvious that the plan was a failure, he surrendered like so many other Huks did. After all, deep in his heart he advocated parliamentary struggle.

At present, Taruc remains a staunch advocate of the peaceful path to reform. Even if a group that espouses revolution were to welcome him, he would never join them. This is because he believes that a revolutionary situation does not exist in the country.

Never again also will he try to embrace the communist ideology as in the past when he was younger and a dyed-in-the-wool socialist. Having worked with the communists once, he has come to abhor what he thinks are their very doctrinaire ways.

Despite these, Taruc seems to harbor an ambivalent attitude towards the NPA. True, he may think that its leaders are recklessly fomenting revolution at a time when the people are unwilling to take part. Nevertheless, he also believes that the NPA is merely taking over from where the Huks left off in their fight for social justice.

The anti-communist that he is, Taruc is convinced that the majority of the NPA guerrillas are not communists. "I believe, he says, "that only five percent of them at the most believe in the tenets of Marxism-Leninism." The rest, according to him are simply Filipinos who are angry at the inequities of Philippine society.

Taruc believes, too, that the NPA's success in expanding its activities to several parts of the country has been the result of its leaders having learned to downplay the tenets of communism. Instead, they have pushed forward a very nationalistic program even as they have ably capitalized on the peasants' yearnings for land reform.

"The NPA leaders are not as dogmatic about their Maoist ideology as the Huks' leaders were about their Stalinist ideology," Taruc asserts. This is another reason he gives as to why the CPP-led guerrillas today are relatively more successful than the PKP-led guerrillas three decades back.

Only time will tell, according to him, whether or not the NPA will ultimately succeed where the Huks dismally failed. But he adds that the NPA's numbers will definitely grow within the next five years if many government officials continue to be corrupt and the people continue to suffer from economic hardships.

Taruc, however, doubts CPP claims that the NPA will soon be able to force the AFP into a stalemate. The reasons he gives are that the NPA lacks sufficient ammunition and a solid network of underground organizations. Moreover, he says that the members of the New People's Army have still to solve their problem of where to find a rear area in an archipelagic country like the Philippines.

Taruc wishes the members of the NPA no ill. His only regret is that a good number of them despise the Huks for having lost during the fifties. "We may have been wrong and therefore lost," he says, "but many of us made sacrifices to fight for a more just society."

At 71, Taruc may have lost all interest in revolution. Nevertheless, he continues to maintain an interest in the principles of nationalism, social justice and democracy which he claims to be his guide. These he believes should be the principles all Filipinos should adopt as they pursue their respective political goals.

If the CPP and the NPA go by these tenets, according to him, they might possibly win in the future. But if they start to play up their Maoist ideology, he says they will fail like the PKP and the Huks failed a generation before.

CSO: 4200/849

PHILIPPINES

NPC HOPES FOR BRIDGE LOAN TO CLOSE 3-YEAR SHORTFALL

Manila BULLETIN TODAY in English 14 Mar 85 p 19

[Text] The state-owned National Power Corp (NPC) is pinning its hopes on various bridge financing measures to close projected funding shortfall in the next three years as it faces continued tight cash position.

In a preliminary report of NPC's operations in 1984, NPC president Gabriel Y. Itchon told President Marcos in a memorandum that the major problem confronting NPC at year-end is financial in nature.

Itchon said foreign loans amounting to US\$100 million would have to be raised to finance the shortfall of the foreign exchange funding of investment projects during 1985.

"In addition NPC shall be called upon to repay the P1.4 billion advanced by the government in 1984. Finally, the continuing tight monetary situation is likely to prolong the difficulty of certain NPC customers to meet their power bills," he said.

The P1.4 billion advanced by the government to NPC in 1984 was sought by the power firm as it was made to deposit the peso equivalent of all its foreign exchange obligations, including interest payments and amortizations.

NPC has already repaid P400 million of the government emergency advance while the balance of P1 billion will have to be repaid by the middle of the year, NPC senior vice president Federico Puno said.

The emergency advance was also one of the "extraordinary financing sources" NPC had to scour in 1984 to finance its P2.2 billion deficit in the capital budget. Itchon also said the deficit was financed by a P900 million decrease in fuel oil inventory.

For the year 1985 and 1986 when NPC was cut off from any equity contribution from the national budget, the power firm faces another bloated deficit in view of increased capital expenditures and reduced internal cash generation.

Among the bridge financing measures being eyed by the power firm is an exemption from the government requirement of depositing all the peso equivalent of its foreign exchange obligations, a shorter test-run periods of ongoing power plants from six months to three months, power rate increases and the exclusion of nuclear power plant loans from the deficit level committed with the International Monetary Fund (IMF).

"With only two small power plant projects that shall remain to be completed in 1986, the financial problem is essentially a matter of bridging part of funding shortfall in 1985 into 1986 and, if necessary, 1987," Itchon said.

CSO: 4200/842

PHILIPPINES

AKLAN TERROR GROUP THREATENS FISHERMEN

Manila BULLETIN TODAY in English 14 Mar 85 p 14

[Article by F.T. Florea]

[Text] Fishpond owners in Kalibo, Aklan, have denounced members of an alleged "Lost Command" for preventing some of them from harvesting their produce in the municipalities of Makato, Tangalan, Ibajay and New Washington.

Law enforcers in these towns and fishpond overseers are either "salvaged" or harmed by the group if they insist on harvesting the prawns and milkfish.

It was gathered that the "Lost Command" group said to be composed of military deserters and criminals are the ones harvesting the produce and selling this to traders.

According to an Aklan provincial official, the "deserters" belong to the group called "Monkees" which allegedly sowed reign of terror among Aklan residents years ago.

The group was blamed for the murder of an assistant provincial commander and several student activists who reportedly exposed their activities.

Several provincial officials and a municipal mayor also received death threats from the group, prompting them to evacuate to Manila.

The policemen and PC groopers in Kalibo are reportedly afraid to arrest members of the group because they are heavily armed, an official said.

Meanwhile, the Region VI Unified Command said it will dispatch a crack team to the area immediately arrest members of the "Lost Command."

CSO: 4200/842



PHILIPPINES

KMU BACKS RAILWAY STRIKE

Manila BULLETIN TODAY in English 14 Mar 85 p 8

[Text] The Kilusang Mayo Uno pledged its support yesterday to the legitimate demands of the striking employees of the Philippine National Railways (PNR).

Hailing the militance of the workers, reelected KMU chairman Rolando Olalia said the PNR employees, though prevented from forming labor unions, found ways to express their long-standing grievances against PNR management.

PNR is a government-owned corporation and its employees are prohibited under the Civil Service Law to form unions for purposes of collective bargaining.

The PNR employees staged a strike wunday on issues of low wages, overtime and other economic benefits and issues involving unfair labor practice. The employees are demanding the enforcement of mandated salary increases classified by the Ministry of Budget.

The KMU, meanwhile, assailed the reported intimidation of Batangas-Laguna-Tayabas Bus Co (BLTB) strikers by the military and police.--(OSG)

CSO: 4200/842

PHILIPPINES

EDITORIAL GRAPPLES WITH INFLATION TRENDS

Manila BULLETIN TODAY in English 14 Mar 85 p 6

[Editorial]

[Text] If government is to talk about inflation, it should be to allay the fears that inflation will be higher, for it has been established that expectations of high inflation is oftentimes self-fulfilling.

That principle was applied by the President when he said that at the rate inflation has been going down, it might go down to as low as 10 percent by December.

The government has been seriously attacking inflation lately as may be seen in the two recent rollbacks of the prices of oil products. The prices of oil products have a pervasive effect, and the recent reductions must have contributed to the decline in the prices of some food items.

In regard to food, the immediate objective is higher production and not lower prices. Prices follow production and not vice versa. One deterrent to higher production is a policy that limits the margins of the producers for the sake of urban consumers. If, as a result of the policy production does not move upward, there is no way prices can be maintained at low levels.

It is an aid of production that in implementing the intensified rice production program the government has been granting credit to farmers at low interest rates. Cheap money will lower production costs. Possibly, the government can adopt other measures that will bring down costs not only for rice farmers but for other producers as well. The likely measures should be tried in order to stimulate agricultural production.

In regard to credit, it may be further stated that not all farmers will be reached by the cheap credit being dispensed by the government through the banks. This being the case, many farmers would have to obtain production loans from other sources, such as the dealers or middle-men. This is a traditional practice in many areas. Middlemen cannot be eliminated without hurting production.

CSO: 4200/842

PHILIPPINES

ASSEMBLY PASSES 7 BILLS, 18 RESOLUTIONS

Manila BULLETIN TODAY in English 15 Mar 85 pp 1, 12

[Article by C. Valmoria Jr]

[Text] The Batasang Pambansa adjourned last night for a one-month Easter recess after passing one Cabinet bill and four parliamentary bills on third reading, two other bills on second readings, and 18 resolutions.

As of yesterday, four Cabinet bills, 5,349 parliamentary bills and 394 resolutions were pending in the assembly's 30 standing committees.

Among the major bills pending are the proposed Election Code, the divorce measure and the bill on rallies and demonstrations.

Last night's session was preceded by the Question Hour which was highlighted by a motion on the floor to declare in contempt Economic Planning Minister Vicente Valdepenas Jr., secretary general of the National Economic and Development Authority (NEDA).

The controversy was precipitated by Valdepenas' failure to answer questions submitted by Member of Parliament Emigdio Tanjuatco (Opposition, Rizal), about the financial exposure of the Development Bank of the Philippines (DBP) to the Galleon shipping Co.

Valdepenas said he could not answer Tanjuatco's question for lack of information on the matter. He said DBP Chairman Cesar Zalamea informed him that it was the position of the DBP legal counsel that no information on the bank's operation can be divulged without prior instruction of the President or a competent court.

A heated debate between Tanjuatco and MP Wilson Gamboa (Opposition, Negros Occidental), on one hand, and Assistant Majority Floorleader Arturo Pacificador (KBL, Antique), on the other, prompted the chair to declare a recess.

To break the impasse, Prime Minister Cesar Virata agreed to answer Tanjuatco's eight basic questions in writing and reply personally to the supplemental questions Tanjuatco may ask in the next Question Hour.

It was pointed out that one of the fundamental rules of the Batasan on the Question Hour is that a minister can only answer questions on matters for which he is officially responsible.

Aside from the 1985 budget, which was passed at the start of the regular session, the Batasan approved the extension of the Rent Control Law, empowered barangay captains to administer oaths to public elective officials, provided legal sanctions against disposal of land acquired under the Land Reform Law and prohibited tenancy relations in such lands.

The bills approved on second reading last night included increased penalty for bribery and making lawyers persons in authority while performing court duties.

Of the 18 resolutions passed, 12 were condolences, two were commendations, one was an amendment to the Batasan rules, one condemning the assassination of Zamboanga City Mayor Cesar Climaco, and a vote of confidence on Virata.

Before the Question Hour, MP Rolando Andaya (Opposition Camarines Sur) took the floor on a question of personal and collective privilege and assailed the failure of the Philippine National Railways (PNR) to provide adequate service to the Bicol region which, he said, depends solely on the railway for transportation.

At press time, Virata was answering questions from MP Antonio Cuenco (Opposition, Cebu City) about alleged irregularities on the disbursement of funds from the casinos.

Meanwhile, the price adjustment coordinating committee will submit the recomputed price guidelines of goods and utilities to the Cabinet for review on Tuesday.

Minister Ongpin, committee chairmen, announced this in a meeting at the Batasan caucus room. He told the various agencies concerned to finalize their price reduction computations by Monday so that they could be coordinated for presentation to the Cabinet the next day.

CSO: 4200/842

PHILIPPINES

REPORT ON IMELDA'S TRIP TO USSR FUNERAL

Manila BULLETIN TODAY in English 15 Mar 85 pp 1, 12

[Text] Moscow--The First Lady, Mrs Imelda R. Marcos, is scheduled to meet 54-year-old Mikhail Gorbachev, new secretary-general of the Communist Party of the Soviet Union in the Kremlin at 4 p.m. today.

She will be one of the first foreign leaders to hold talks with the new Kremlin chief.

Mrs Marcos talked with Gorbachev during the reception for the foreign delegation after the funeral for Soviet leader Konstantin Chernenko at Red Square yesterday.

The First Lady conveyed the condolences of President Marcos and the Filipino people and expressed best wishes to the new Soviet leadership.

Both leaders reaffirmed Philippine-Soviet ties which started after the 1976 state visit of President Marcos here.

It was Mrs Marcos' sixth visit to this Soviet Capital since 1972 and she got warm hugs and kisses from old friends in the Politburo.

When the protocol chief saw her at the far end of the reception line, he immediately called Mrs Marcos forward and placed her behind British Prime Minister Margaret Thatcher.

This prompted US Vice President George Bush to tell the First Lady: "They always want you ahead."

Soviet Premier Nikolay Tikhonov embraced the First Lady and greeted her: "My good friend! Unfortunately, I see you only on sad occasions."

Soviet Foreign Minister Andrei Gromyko told Mrs Marcos, "I am happy with the very warm and growing friendship between the Philippines and Russia."

Both Bush and US Secretary of State George Schultz said they were happy that "President Marcos is in good health and that the Philippine economy is recovering."

They also said that "the Reagan administration is very supportive of Philippine government policy."

Canadian Prime Minister Brian Mulroney approached the First Lady and showed her a picture of himself and his staff of 11 Filipinos.

He and Mrs Marcos posed for a souvenir photo to be shown to his Filipino staff in Canada. He also told Mrs Marcos that the 150,000 Filipinos in Canada voted for him.

Invited by the First Lady to visit Manila, Mulroney said he and his wife would surely do that.

India's Prime Minister Rajiv Gandhi greeted the First Lady and reminded her of his previous invitation to visit his country with her family.

Mrs Thatcher recalled her meeting with President Marcos and daughter Imee in Cancun, Mexico. She, too, assured Britain's support and inquired about the President's health. British Foreign Minister Geoffrey Howe also expressed the same sentiments.

Pakistani President Zia Ul-Haq, accompanied by his foreign minister reaffirmed his country's support for the Philippine government's stand on the Southern Philippines issue. The other heads of state who exchanged pleasantries with Mrs Marcos were French President Francois Mitterand, Chancellor Helmut Kohl of the German Federal Republic, Spanish Prime Minister Felipe Gonzalez, UN Secretary-General Javier Perez de Cuellar, Palestine Liberation Organization Chairman Yasser Arafat, Moroccan Prime Minister Doctor Lamorani, and Prince Bertil of Sweden.

Acting Foreign Minister Pacifico Castro said that all leaders with whom the First Lady had unscheduled and random meetings were generally pleased to see that she was the one representing the Philippines.

CSO: 4200/842

PHILIPPINES

IRANIAN STUDENT ACTIVITIES PROMPT CONCERN

Manila BULLETIN TODAY in English 15 Mar 85 p 6

[Commentary by Jesus Bigornia: "Government Scrutiny of Some Alien Students Needed"]

[Text] Normally, a student, even an alien student, merits encouragement in his or her pursuit of higher studies. But when it becomes evident the alien takes an unrelated course of study to prolong his stay in this country, his or her motives require close scrutiny by Philippine immigration authorities. When a foreign student enrolls in a school of dentistry immediately after graduation from a college of engineering, or vice versa, he or she is either afraid to return home or has a personal motive, possibly sinister, for wanting to stay here indefinitely.

Half a dozen pro-Khomeini Iranian students have been denounced to the immigration and deportation commission by Khosrow Minuscher, former Iranian labor attache here, for resorting to the "further-studies" ruse to stay on here after completing undergraduate studies in local colleges and universities. Minuscher says: "Ordinarily, one finds a logical relationship between courses taken up by multi-degreed persons. An accountant-lawyer, for instance, makes a good tax consultant. But engineer-dentist? What about a master in political science-doctor of dentistry? Does he plan to render political adversaries toothless?"

It must be admitted here that there is no direct evidence to prove beyond reasonable doubt that the supposed search for knowledge is but a ploy to enable these students to stay here in order to pursue sinister goals. Considering, however, that these students are allegedly part of a radical group engaged in proselyting Filipino youth, it might be relevant for the intelligence community, including the investigating arms of the Ministry of Justice, to examine their backgrounds and credentials. Otherwise, they will be permitted to educate the Filipino young in radicalism.

CSO: 4200/842

15 May 1985

## PHILIPPINES

## PRESIDENT CONSIDERS BREAKING UP BROADCASTING MONOPOLIES

Quezon City ANG PAHAYAGANG MALAYA in English 18 Mar 85 pp 1, 2

[Text] President Marcos is considering breaking up monopolies in the entire broadcast industry which has been losing money.

Malacanang said yesterday the President has summoned top officials of the Transportation and Communications Ministry and the National Telecommunications Commission (NTC) today to discuss the problems of broadcast owners who had asked for presidential help.

Marcos will meet with NTC Commissioner Ceferino Carreon and his deputy Antonio Barreiro, and Assistant Transportation and Communications Minister Renato Garcia to review laws regulating the ownership and operation of radio and television stations, notably presidential decree (PD) 576-A.

The decree, dated Dec 31, 1981, terminated the franchises for all of the country's 403 radio and TV stations, including those at US military facilities. Some 97 franchise owners have applied for certificates of public convenience or full licensing.

Malacanang quoted the President as saying the full licenses could not be granted outright because of an NTC finding that the industry has been losing money. The NTC had conducted hearings on 62 of the applications for licensing.

It was also observed that under PD 576-A, monopolies tended to exist in regions where one individual or corporation owned, operated and managed any number of broadcast stations.

CSO: 4200/862



PHILIPPINES

FIRM DENIES HAVING INVESTMENTS BY MARCOSES

Quezon City ANG PAHAYAGANG MALAYA in English 18 Mar 85 pp 1, 2

[Text] Alfred Tong, president of the controversial Asian Reliability Company, Inc (ARCI) has categorically denied that President Marcos and the First Lady are stockholders of ARCI or in any of the three Silicon Valley firms where ARCI has investments.

Tong issued the denial in reaction to a story last Sunday in the San Francisco Examiner alleging that the First Couple were part owners of the four firms. The Examiner story was picked up by the international wire agencies printed by Malaya and its sister publication WE Forum.

According to Tong, the First Couple or their relatives do not own a single share in ARCI, and that 98 percent of the ARCI shares are owned by Vicente Chuidian, a Filipino businessman who currently is in San Francisco, USA.

Tong said that he has never been approached, nor is there any record to show that Gregoria Araneta, son-in-law of the President, was at any time interested in buying out ARCI.

Tong also disclosed that Chuidian, ARCI's Chairman, has been negotiating with officials of the Philippine Export and Foreign Loan Guarantee Corporation, Central Bank, Credit Suisse First Boston and Security Bank for the restructuring and registration of ARCI's \$25 million obligation. Such negotiation has been long and protracted, since some elements had to await the guidelines from the Central Bank negotiation with International Banks. "However, we are hopeful that with the successful conclusion of the Central Bank restructuring our own talks will be concluded soon," Tong said. "We regret that these negotiations have apparently been misconstrued by some parties."

CSO: 4200/862

PHILIPPINES

PUBLIC INVESTMENTS REVIEW AUTHORITY CENTRALIZED

Quezon City ANG PAHAYAGANG MALAYA in English 18 Mar 85 p 3

[Text] The National Economic and Development Authority (NEDA) is now the sole agency that will conduct the annual review of new and ongoing projects involving public investments, NEDA sources told Malaya.

According to the same sources, this is the condition made by foreign creditors during the meeting of the Consultative Group for the Philippines last January 29 before new official development assistance (ODA) or loans with concessional rates will be granted for government projects in agriculture, energy, transportation, infrastructure, etc.

But NEDA's new role was only formalized last month through Letter of Instructions No 1448 instructing all government agencies to support NEDA in the annual review of government projects, particularly those under the 1985-1990 medium-term public investment program.

In the past there were neither periodic reviews of government projects nor specific government agencies assigned to this task. This lack is blamed for project failures that led to the wastage of huge domestic and foreign debts incurred for these projects, NEDA sources said.

The annual review empowers NEDA to update and revise the public investment program when necessary, taking into consideration the priority ranking of projects, the availability of funds and changes in the economy.

Government projects subject to annual review are those of the ministries, bureaus and agencies of the national and local governments, as well as those of government-owned and controlled corporations.

NEDA's new role, which was already agreed upon between the Philippine government and the World Bank, was based on the findings of a WB mission that the country's public investment program "left much to be desired" and that "investments, often overpriced, poorly designed, resulted in excess capacity or industries that could not compete in the world market."

Although government projects were not specified, the WB mission blamed these failed projects for the current economic crisis which stemmed from the inability to service maturing foreign debts.

CSO: 4200/862

PHILIPPINES

TWO WOMEN, 23 OTHER ACTIVISTS ARRESTED IN AURORA

Quezon City ANG PAHAYAYANG MALAYA in English 19 Mar 85 pp 1, 2

[Text] Heavily armed Constabulary soldiers arrested 25 people, two of them concerned women leaders, during a night swoop Sunday in San Luis, Aurora sub-province, the Center for Women Resources said yesterday.

Arrested were Sonia Sotto, former chairman of the League of Filipino Students (LFS) and Marivic Dizon of WOMB women's group, formerly for the Ouster of Marcos and Boycott.

They are both organizers of the Manila-based General Assembly Binding Women for Reform, Integrity, Equality, Leadership and Action (GABRIELA). It was not immediately known if they were organizing a GABRIELA chapter in San Luis during the conference.

The women and 23 others, including men who attended a week-end women's multisectoral conference at the invitation of the San Luis parish priest were preparing to sleep in the Wesleyan High School compound where the conference was held when the soldiers effected the mass arrest.

The Movement of Attorneys for Brotherhood, Integrity and Nationalism, Inc (MABINI), which sent lawyer Vincent Robles to assist them said their initial impression from sketchy reports was that the conference participants were arrested for illegal assembly.

The two women had reportedly been taken to the military detachment in Baler, while the others are being held at the school.

MABINI lawyer Robles had gone to San Luis to provide legal assistance.

CSO: 4200/862

PHILIPPINES

MAKATI BUSINESS CLUB PLENUM SCHEDULES 'RADICAL VIEWS'

Quezon City ANG PAHAYAGANA MALAYA in English 19 Mar 85 p 3

[Text] The traditional concept of absolute property ownership rights is being questioned in business circles, and the cream of the country's private business will be asked at a conference in Makati today to consider adopting the stand that when the right to property conflicts with the right to life the right to life must be supported.

This radical views of property ownership and its replacement with the concept of "stewardship" of the land are among the recommendations for the Philippine business community on the agenda of today's third annual plenary conference of the Makati Business Club. The conference will be from 9:30 a.m. to 4 p.m. at the Asian Institute of Management in Makati.

Chaired by former Highways Minister Vicente T. Paterno, the 660 members of the organization will be asked to address two key socio-economic issues, the MBC considers urgent: security of tenure in livelihood and residency, and disparities between incomes and prices.

The conference also seeks to prod the business community into taking a more direct and active role in resolving these issues.

A discussion paper prepared in a series of workshops during the past two months gives particular stress to the need for giving immediate attention to the people's problems of survival under the present crisis when real incomes are dropping and more the people's basic needs are getting farther away from their reach.

The discussion paper suggested that the business community itself "undergo re-examination of their individual and collective corporate conscience."

In its analysis of the security of tenure problem, the paper focused on the squatter problem in Metro Manila. It observed that the government policy of relocating squatters to far-flung areas where there are no opportunities for livelihood was influenced by the "misguided" thinking that the poor do not belong or have no place in an urban setting.

"No one has attempted to measure this sector's contribution to the urban economy either in direct economic activity or indirectly as part of the industrial or service-sector labor force," the paper said, but asserted that "the poor do belong to the urban scene."

Identifying the traditional concept of property ownership as the heart of the problem, the paper said "this very concept must now be put to question."

"An alternative concept must be formulated as a foundation for policies, rules, and regulations," it said, and put forward the proposition that "where the right to property clashes with the right to life, the right to life must be supported."

On the prices and incomes issued, the discussion paper presented a number of proposals calling on private business to take a more active role in alleviating the plight of the poor who have been caught in the squeeze of falling incomes and rising prices.

CSO: 4200/862

PHILIPPINES

EXPORT RULES REDRAWN FOLLOWING GATT SIGNING

Manila BULLETIN TODAY in English 18 Mar 85 p 25

[Text] The Board of Investments (BOI) and the Tariff Commission are set to repackage existing export incentives and align national legislation, procedures and rules governing countervailing investigations with the provisions of the code on subsidies and countervailing duties (CVDs).

This developed as the Philippines acceded in the last minute to the General Agreement on Trade and Tariffs (GATT) code on subsidies on CVDs, making it the 22nd and the latest signatory to the code.

As signatory to the code, the Philippines is now obliged to amend section 302 of the Tariff and Customs Code to provide for the application of the material injury test in countervailing duty investigations.

Application of the material injury test would render academic the CVD petition filed against Philippine garment and textile exports which the United States has preliminary determined to be enjoying an estimated subsidy of 1.47 percent and 1.04 percent, respectively.

The Philippines is also bound to enter into a commitment "to reduce or eliminate subsidies except when the use of such measures are necessary for its competitive or development needs."

Under a graduation agreement reached with the United States, the Philippines has committed for a three-year standstill and a two-year phaseout of export incentives found with subsidy elements.

Thus, starting 1988, certain export incentives with subsidy elements would have to be phased out.

Razon T. Hareso, chairman of the Tariff Commission, earlier said that a signatory to the Code such as the Philippines will not be subject to the normal counter-measures covered in Parts II and III of the code.

Moreover, she said the Philippines has the right to avail of the facilities for conciliation and dispute settlement. A committee of signatories established under the agreement will handle such consultations.

CSO: 4200/862

PHILIPPINES

DAVAO BISHOP CLARIFIES PEACE, ORDER VIEWS

Davao City PEOPLE'S DAILY FORUM in English 17 Mar 85 pp 1, 2

[Article by Lilia O. Abrea]

[Text] Bishop Patricio H. Alo, D.D. clarified today his stand on the crisis in peace and order in Davao City and provinces stressing that he is not partisan but for the people as whole. "What I am doing is trying to bring the liberation of Jesus to the people, we want to protect the oppressed by bringing to all true liberation which Christ alone can give" he said. "You're a just man if you follow the law, the law being the guiding principle, and the basic law of Jesus Christ is love and nothing else," he emphasized.

Bishop Alo clarified these after some people asked about the Bishop's official stand on the political, economic and peace and order issues which have resulted in so many killings and encounters between the military and the NPA.

"When we call for ceasefire and talk about justice, we are not pointing to any particular group as the culprit, but we address this call to all, since the church condemns killings and brutalities. "You cannot put fire with another fire," even the late President Magsaysay used to say this.

The bishop said: "If people will only put their whole trust in Jesus Christ and not depend on multinationals, other nations and their dollars to make their economy strong, then we will not have a situation where upon the withdrawal of these things the nation will collapse," he said. There are no tyrants if there are no slaves and if people will only practice the economy of Jesus Christ, since Christ was not under any man but only under God the Father, then we will not have any problem," he added. He refers us to Matthew 6:25 which states the following:

"Matthew 6:25--This is why I tell you: do not be worried about the food and drink you need in order to stay alive, or about clothes for your body. After all, isn't life more worth than food? And isn't the body worth more than clothes?"

Bishop Alo has not been seen openly supporting any political movements of whatever party in the city and provinces of Davao. "I cannot take side, I am a priest for all people, and I cannot engage in partisan politics," he stressed. He refers to Christ's order to his servant to refrain from shouting in the streets. In Isaiah 42:19 the Lord commands his priest to avoid making loud speeches in the streets not to shout or raise his voice, yet he will bring lasting justice to all.

What we are advocating is the same thing that Mother Teresa emphasized while she was here in Davao City: the preservation of life (the first right of man) which is more important than preservation of liberty and property. We are trying to protect the poor and the young and this protection cannot be done by killing or oppression. Can you right a wrong with another wrong? he asks. "The right to property is a precious right but if we resort to killings and violence in order to preserve this right, thus the right to life which is the more important right of all is destroyed. Who will enjoy property if all of us will die in order to preserve it? he asks.

On leadership he said that if the leader is straight, the nation is in peace, if he is the opposite, his subjects will not follow and disorder will arise.

"What we really need is true love for our neighbor, because there is no true love of God if you cannot love your neighbor," he stressed. He reminds us of Mother Teresa version of giving: "giving till it hurts" is a sacrifice which is higher than the ordinary form of giving. This kind of giving costs you something. Ordinary giving is going out of your way to help somebody," he explained.

"You cannot give peace unless you have it," referring to Matthew 23:26 and do unto others what you want them to do unto you" he said (Mt.7:12).

"I consider our nation a great nation, despite all the hardships we are undergoing because we value for human life, for children, children are very precious, here even poor families can have more children. In the most powerful nations, people are trying to put their values on property, not on human life, they do not like children, their population is becoming lesser all the time. We still have our love for human life and this is the most important of all, the value of human life," he stressed.

"Let us promote brotherhood, love and peace, let us love one another and we sure will be able to eliminate all violence, killings, hatred and revenge so we can have peace here in Davao. Let us love one another," he said.

CSO: 4200/849



PHILIPPINES

BISHOP, PROBERS CONFIRM MILITARIZATION, UNREST

Davao City PEOPLE'S DAILY FORUM in English 15 Mar 85 pp 1, 8

[Text] Bishop Antonino Nepomuceno, DMI D.D. in an interview confirmed that there is an escalating militarization and labor unrest in Davao City today. This was his assessment after their Fact Finding Mission (FFM) composed of an ecumenical group including human rights advocate Lita Lorenzo of this city on troubled areas of Mindanao's largest city.

Bishop Nepomuceno, chairman of the Manila-based Nuclear Free Philippines Coalition (NFPC), together with 10 others launched a 3-day FFM which began Feb 21 in areas of Agdao, Mandug Buhangin and in factories where strikes were going on. Its objective was to find out cases of injustice and negotiate for the indemnification of the hapless victims.

Militarization

The FFM initial report as told by Bishop Nepomuceno construed that there was a massive "zoning operation" conducted by the mil. in areas reportedly infested by the urban guerillas. The report also showed that many people were arrested and salvaged and house were strafed and ransacked and belongings looted. "Zoning operation here is already a part of our daily life," Agdao residents deplored during the FFM.

"It's ironical," the Bishop remarked, "that across the street the military was having a dialogue w/ people telling them the good points of the government while on the other side they were also conducting a zoning operation."

In Mandug, the FFM found out residents evacuated their homes due to the terrorism perpetrated by the Phil. Liberation Organization (PLO), a group of MNLF returnees which they (FFM) feared is backed up by the military.

"The military, when confronted by the FFM regarding the brutalities of the PLO," Bishop Nepomuceno disclosed, "are ambivalent in their answers with lots of double talk."

## Labor Unrest

The FFM identified two main problems of the laborers which they (laborers) claimed are still not given proper response by the management and the gov't. First, the unjust policies imposed by the management like partial implementation of wage orders, arbitrary termination of workers and the prohibition to strike.

In Franklin Baker Company, the workers were clamoring for the implementation of Blas Ople's order to reinstate them and for the speedy investigation of the death of 2 workers.

Second was the continued harassment of workers in their picket lines by the military, company goons and the PLO as experienced by Franklin Baker company, and Lapanday Development Corporation (LADECO) workers. "The PLO, according to the labor leaders," Bishop Nepomuceno said, "greatly aggravated the tension between laborers and management. The people fear this will revive muslim and Christian conflict."

CSO: 4200/843

PHILIPPINES

BMA, PC EXCHANGE FIRE IN DAVAO ORIENTAL

Davao City PEOPLE'S DAILY FORUM in English 15 Mar 85 pp 1, 8

[Article by Nino S. Torres]

[Text] Three Bangsa Moro Army (BMA) rebels were seriously wounded and two constabulary soldiers were injured in a brief gunbattle at barangay Limbajon, Lupon, Davao Oriental recently.

The three wounded rebels were carried by other members of a 30-strong BMA group under Commander Musa as they withdrew from a fierce firefight with elements of the 438th PC company under Capt Nonito Serrano.

Serrano identified the wounded soldiers as SSgt Alonto Abdul and CIC Alfredo Magmati, both of whom suffered slight gunshot wounds in the neck. The three wounded rebels, who may have died along the escape route, have not been identified. There were no casualties.

As the smoke cleared, the constabulary team recovered a foreign-made Browning pistol cal. 9mm with two rounds of ammunition, a HONDA motorcycle without plates owned by Musa, an M16 magazine, a Garand rifle, empty M79 (grenade launcher) cartridges and a grenade rifle.

Also recovered was a diesel-fed passenger jeep marked "Marcy" owned by a certain Juanito Opon of Lupon. Opon admitted upon investigation that his jeep was used by the secessionist rebels in ferrying their wounded companions to the shorelines of Macangoa and Tibaon. The rebels also used the vehicle to ferry a reinforcement group from the shore.

Serrano told Mati correspondent Edgar Cagata that his men had been taking their pack lunches near a schoolhouse at Limbajon when the rebels jumped on them. He added that the rebels had been holing up in the area minutes before the clash.

A blocking force was set up at sitios Guabo and Manikling along the San Isidro shoreline to seal off possible escape routes of the enemy. The shoreline is believed to be regularly used by BMA as a landing point, Serrano said.

CSO: 4200/843

PHILIPPINES

ARMED MEN EXPLODE GRENADE, FIRE AT MARINES

Davao City PEOPLE'S DAILY FORUM in English 14 Mar 85 pp 1, 8

[Article by Rogie Zagado]

[Text] Four armed men believed to be members of the New People's Army (NPA) riding in a motorcycle terrorized the marines holding a detachment at R. Castillo street, Davao City the other night at around 9:45 PM by throwing a grenade near the detachment and indiscriminately firing in the air in what appears to be in a threatening manner.

Sources said that the armed men passed by swiftly near the detachment of the marines and threw a grenade which exploded meters away from the detachment. The armed men also fired indiscriminately in the air threatening and daring the marines deployed at the detachment.

Report reaching the People's Daily Forum disclosed that the marines did not return fire for fear the civilians might be caught in the crossfire.

The atmosphere in R. Castillo street, Agdao, this city is getting more tense as NPAs and Marines carefully and warily watch each other. It is feared that sooner or later an encounter between these forces will any time erupt.

The Marines' move not to return fire against the dissidents was very laudable considering the trust and confidence the people of Agdao place on this military forces.

Efforts to contact the 3rd Marine Brigade commander proved futile as of press time.

CSO: 4200/843

PHILIPPINES

SINGAPOREAN FIRMS GAIN MAJORITY IN AGUSAN PLANTATIONS

Manila BULLETIN TODAY in English 19 Mar 85 p 17

[Text] Singaporeans wrested control of Agusan Plantations, Inc (API), the joint venture company operating the palm oil plantations in Agusan, as Keck Seng Plantations (Phils.) Pte. Ltd. transferred 899 API shares in favor of three Singaporean-controlled companies.

The transfer of Keck Seng's API shares materialized after Tricol Pte. Ltd., East Dev. Pte. Ltd. and Ho Kian Leong Brothers Pte. Ltd. pumped in additional investments of US\$15,120.27 in the form of equipment.

The Board of Investments (BOI) said that with the transfer of shares, Singaporeans now own 60 percent of API's equity holdings with Filipino interests led by state-owned National Development Co (NDC) retaining 40 percent. Previous to the transfer of shares, Filipinos control 60 percent of API's equity with Singaporeans holding the remainder.

Major stockholders of API are Keck Seng Plantations (Singapore) Pte. Ltd., NDC, Leonardo Ty and Siy Chin.

API's P516.38 million project has a capacity of producing 41,000 metric tons of palm oil and 8,500 metric tons of palm kernel. API, a joint venture with an authorized capital stock of P24 million, has entered into a technical corporation agreement with Keck Seng of Singapore for technical and specialized services on palm oil development and processing.

BOI said API's project covers 8,000 hectares of logged-over forests in Agusan del Sur.

In another development, Otis Elevator Co USA pumped in an additional equity of P34 million to Pacific Elevator and Escalator Corp. The investment increased Otis USA's equity from P58.64 million to P92.64 million.

The firm's equity structure, according to BOI, is 99.99 percent American and .01 percent Filipino. Prior to the new investment, BOI said the company was also granted approval to increase its authorized capital stock from P50 million to P100 million.

The company's project, registered with the BOI on a pioneer status, has a capacity of producing 180 units of elevators a year.

CSO: 4200/862

PHILIPPINES

BRIEFS

COST OF PRESIDENTIAL CAMPAIGN--The clever politicians who are aiming to run for president or vice-president in 1987 are playing it low-key. Anybody who wants to project himself as a presidential candidate in 1987 must spend anywhere from P30 million to P50 million in the 1986 elections. If he does not have that kind of money, he had better drop out. [Article by Teodoro Valencia: "No Sympathy for Demos"] [Excerpt] [Manila PHILIPPINES DAILY EXPRESS in English 18 Mar 85 p 4]

VALENCIA ON BROADCAST MONOPOLIES--I find it rather strange that the government is thinking of "saving" the broadcast industry from ruin. The television sector probably needs help but not radio--a majority of the radio stations never had it so good. With the present advertising rates of the newspapers, radio has become the most attractive medium. The truth must be told that we have too many radio and television stations. The cut-throat competition among so many broadcasting companies goes on at the sacrifice of the national interest. Some radio stations specialize in filthy broadcasting while others utilize the airplane to cater to politicians who pay good money to be "sold." The broadcast industry deserves whatever it will get. Manila alone has some 40 radio stations (AM and FM) and five commercial television stations plus two cable television channels and one clandestine channel--US Armed Forces television from Clark Air Base. The Clark station caters to the A-class audience, thus removing the chances for the commercial stations to sell A-class commercial time. The Clark Air Base television is becoming profitable for the people who install special antenna for the rich. If this goes on, we may end up with only one channel, and that's the US television. It is not the broadcast industry that needs rescuing. The Filipino people should be rescued from the effects of cut-throat broadcasting competition. The airplanes belong to the people. They are entitled to some protection from their misuse. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 19 Mar 85 p 4]

CSO: 4200/862

SINGAPORE

## GLOOMY ECONOMIC FUTURE FORESEEN

Kuala Lumpur NEW STRAITS TIMES in English 27 Mar 85 p 17

[Text]

**SINGAPORE:** Forecasts that Singapore's economy will grow between five and seven per cent this year — an enviable rate by most standards — are little consolation to the growing numbers of retrenched workers and bankrupt businessmen here.

They see nothing but gloom for the months ahead for this island republic's one-time miracle economy.

With practically every sector of the economy on the downturn and pessimism widespread, Singapore's businessmen have been pleading with the Government to re-examine its tight economic policies.

The republic's leaders still generally cling to the law-of-the-jungle idea that uneconomic businesses must go under.

Finance Minister Dr Tony Tan Keng Yam told a parliamentary budget debate this month that business means risk with profits for being right and bankruptcy for being wrong.

But there are signs that the Government is also worried and willing at last to give some relief to the battered businessmen instead of continuing to preach that "all is for the best in the best of all possible worlds".

Minister for Trade and Industry Richard Hu, who takes over the finance portfolio from Dr Tan next month, recently assured small local companies that the Government would help if need be to keep industries competitive.

Speaking to the Chinese Chamber of Commerce on March 15 he promised that "the whole question of Singapore's domestic cost structure, due to wages, levies and rents, is being looked at in detail and at the appropriate time adjustments will be made".

Dr Tan announced that a high-level committee of Government, business and labour leaders is to be set up to take stock of the island's economic development and outline proposals for the road ahead.

Heading the 12-member panel will be the Minister of State for Trade and Industry, Brigadier General Lee Hsien Loong, the son of Prime Minister Lee Kuan Yew.

Gen. Lee, who is a newcomer to politics but seen as a future Prime Minister, said the committee would complete its task by the end of the year.

Further indications of official concern are the decision of the Jurong Town Corporation, which controls industrial estates in various parts of the island, to reduce rentals until the end of 1986 by 10 per cent for industrial land and 15 per cent for factories and workshops.

The Housing Development Board — another Government agency — has also decided to shelve until 1986 scheduled rent increases for some 20,000 shops, workshops and offices in the board's housing estates.

The Government has announced other measures to ease the burden on the business community.

The four per cent payroll tax has been abolished.

The four per cent skills development fund levy on wages, introduced in 1979 to help upgrade workers' ability, has been cut by half with a promise to review it in the next three years. — Bernama ES-AFP.

CSO: 4200/858

THAILAND

FREE ASIA RADIO CALLS FOR INDEPENDENT CAMBODIA

BK271040 Bangkok Voice of Free Asia in Vietnamese 1330 GMT 26 Apr 85

[From feature: "Conversation with Listeners"]

[Text] Dear listeners, next week those of you living in Vietnam may be happy to celebrate the 10th anniversary of the unification of the northern and southern parts of your country. If this is what you, as patriotic Vietnamese, really longed for, our Voice of Free Asia congratulates you, for you fought a long anti-imperialist struggle and regained independence and freedom in accordance with the will of His Excellency Ho Chi Minh, your great leader.

In passing, the Voice of Free Asia hopes that while remembering the successes and sufferings of Vietnam, those listeners with a sense of justice will think of the successes and sufferings of the people in another country--Cambodia--your neighbor.

The Voice of Free Asia is convinced that the Cambodian people also love their country and also wish to see it become an independent and free nation, just like Vietnam. You should therefore recall that the Vietnamese leaders have sent their troops to occupy Cambodia and to kill and intimidate the Cambodian people on the baseless excuse that they are helping the Cambodian people destroy Pol Pot. If Pol Pot was a bad person and really detested by the Cambodian people, then why should the Vietnamese leaders deny the Cambodian people the right to determine their own destiny and future--as the latter seek through free elections without the threat of 200,000 Vietnamese troops? If the Cambodian people do not like Pol Pot, as claimed by the Vietnamese leaders, they would not vote for him and would seek ways to get rid of him by themselves. In the interests of Cambodia, the Cambodian people must be allowed to decide their own future.

CSO: 4209/360



THAILAND

THAIS SAID TO HAVE LEAKED SECRETS ON CAMBODIA TALKS

Sydney THE SYDNEY MORNING HERALD in English 14 Mar 85 p 1

[Article by David Monaghan and David Jenkins]

[Text]

BRISBANE: The Foreign Minister, Mr Hayden, yesterday accused Thai officials of leaking information given him in confidence by the Kampuchean Prime Minister, Mr Hun Sen.

On his return to Brisbane from a 10-day Asian peace mission, Mr Hayden told reporters that the Thais — his "good friends" — had disclosed the 1987 deadline the Vietnamese-backed Phnom Penh regime gave Khmer Rouge and other resistance fighters to lay down their arms.

After being delayed at Customs by half an hour because of a computer malfunction which indicated he had been travelling on an invalid passport, Mr Hayden emerged to say the trip had brought "positive achievements".

But he wryly commented on the publication in Bangkok newspapers of the deadline: "I had been asked not to disclose it, but I notice my good friends in Thailand have disclosed all the details of the confidential information we have sent on."

"While I will adhere to my undertaking, if you get a copy of the *Bangkok Post* today you will get all the details."

Mr Hayden met the Kampuchean Prime Minister on Friday afternoon and was told that after

the surrender deadline, the Phnom Penh Government planned to hold general elections.

He adhered punctiliously to Mr Hun Sen's request for secrecy. While he had previously hinted at the existence of such a deadline, he would not reveal the date to Australian journalists travelling with him.

At lunch with the Thai Foreign Minister, Air Chief Marshall Sitthi Savetsila, on Sunday Mr Hayden passed on the deadline, as Mr Hun Sen understood that he would.

A Thai source leaked the news to the Bangkok newspaper, *The Nation Review*, which carried the story on Monday.

Mr Hayden defended himself against criticism from the Indonesian Foreign Minister, Dr Mochtar, who said he had lost credibility on the trip. "Dr Mochtar said it may effect my credibility, which means of course that it may not, and I am fairly confident it won't."

Twice during the press conference Mr Hayden justified his visit to Vietnam by saying ASEAN members asked him to go.

"I had been specifically requested by the Foreign Minister of Malaysia," Mr Hayden said.

It was while carrying out that request that Mr Hayden met Mr Hun Sen. The meeting — which Mr Hayden says he undertook as a private citizen — angered the more hard-line members of ASEAN.

Mr Hayden said yesterday: "If you are going to do some honest broking... it is not much good to exclude people from Kampuchea."

"Australia has not only a right but an obligation to engage itself in these sort of things. We have got to monitor the region so we could not be drawn into some sort of vortex of instability," Mr Hayden said.

● *The Nation Review* report using the leaked material from the Hayden-Savetsila meeting said the 1987 deadline helped to explain why the Vietnamese had intensified their military campaign against the resistance forces in the current dry-season offensive.

"Obviously, the general election which the PRK (Peoples Republic of Kampuchea) planned with approval from Hanoi in 1987 are designed to strengthen the pro-Hanoi administration and to boost its international standing vis-a-vis the Coalition Government of Democratic Kampuchea, which has successively won UN recognition as the legitimate government in Kampuchea."

THAILAND

ZINC PROCESSING PLANT IN TAK GOES INTO PRODUCTION

Bangkok BUSINESS IN THAILAND in English Jan 85 pp 24-29

[Text]

In the shadow of the ancient mountains sentinel along the western border of Thailand, ultra-modern technology has just gone into production to refine valuable, high grade zinc for ASEAN industries. Technical and financial cooperation between Thailand and Belgium has resulted in the construction by Padaeng Industries Company, Limited of a sophisticated electrolytic zinc refinery, the first of its kind in the world, commencing production ahead of schedule. The 3,000 million baht plant "is a leap into the outer edge of technology" insists Mr L.A. Painter, Padaeng's Vice-President for Operations at Tak, "a brave venture for Thailand".

Production of high quality zinc commenced at Tak in the first week of November, 1984. The plant is steadily being brought up to full design output of 60,000 tonnes per annum in the first half of 1985. Initial production itself was a singular achievement for such advanced technology. Construction completion ahead of schedule allowed startup preparation to commence three weeks early, and less than a month later at Tak the first high grade zinc came off Padaeng's production line.

The Padaeng decision to locate their new zinc refinery at Tak was made to utilize two natural resources of the mountains: cheap electric power for the electrolytic process generated at nearby Bumiphol Hydroelectricity Generating Station and a large deposit of

high grade silicate zinc ore at Mae Sod, 80 km west of Tak by road. A third vital reason for the Padaeng venture is Royal Thai Government concern that the scenically beautiful but remote rural region of Tak should enjoy the socio-economic benefits of a modern technological industry. The plant employs 420 permanent personnel, plus another labour force at Padaeng's Mae Sod mine. An independent contractor hauls the ore from mine to refinery and Padaeng is encouraging local cottage industry to supply process requirements.

The Tak plant, a joint effort in both investment and technology between Belgium and Thailand under the Padaeng banner, began to take positive shape when construction started in May, 1982. Padaeng Industries Company, Limited was registered 10 April, 1981 with an initial capital of 20 million baht, later raised to 800 million baht. Thai shareholders have 70% of Padaeng's equity, while the remaining 30% is in the hands of Belgian investors. About one third of the 3,000 million funding for the Tak smelter came from Belgian Export-Import Credit Institution, while the remainder consisted of a Belgian state loan of about 60 million baht (BF125 million) and international financial institutions. The Industrial Finance Corporation of Thailand represent Government sector involvement with a loan of 105 million baht (see chart). In mid-1981 Padaeng were granted Board of Investment promotional privileges for the project and later that year received the go-ahead from the Department of Mineral Resources and the Department of Industrial Works, both of the Ministry of Industry, to open a mine in Mae Sod and construct a refinery at Tak. A ten-year contract for electric power at special rate was arranged with Electricity Generating Authority of Thailand and signed 25 March, 1982.

Refinery design, construction and engineering has been undertaken by a consortium of Thai and Belgian companies. Mechim SA of Belgium is the prime contractor on the basis of turnkey lump sum fixed price for the engineering construction and supply of equipment. Sino-Thai Engineering & Construction Co., Ltd (STECON) are the local contractors

## PROJECT COSTS

	<i>Million Baht</i>
1. Capital Expenditures	
1.1 Foreign	1,309
1.2 Local	576
2. Engineering Consultants	13
3. Allowance for Local Taxes	51
4. Financing Costs during Construction	402
5. Technical Know-How Agreement	120
6. Purchase of Thai Zinc Assets	39
7. Mine Rehabilitation	50
8. Start - Up Expenses	46
9. Overheads	88
10. Working Capital	136
11. Contingencies	7
<b>Total</b>	<b>2,837</b>

## SOURCES OF FUND

	<i>Million Baht</i>
1. Loan from Societe Generale de Banque of Belgium BF 2,660 million	1,224
2. Loan from Societe Nationale d'Investissement of Belgium BF 40 million	17
3. Loan from Societe Belge d'Investissement International of Belgium BF 40 million	17
4. Belgian State Loan BF 125 million	61
5. Loan from Overseas Financial Institution — a Syndication Loan by BA Asia Limited of Hong Kong US\$ 20 million	460
6. Loan from The Industrial Finance Corporation of Thailand	105
7. ECGD Export Credit Financing through Chase Trade Finance Ltd. of U.K. (For purchasing of 5 Units DJB Off-Highways trucks) UK£ 365,500	12
8. Equity	800
9. Interest Earned during Construction	141
<b>Total</b>	<b>2,837</b>

*Note : Rates of Exchange Used :*

(1) Up to December 31, 1983; actual rates

(2) From January 1, 1984; US\$ 1.00 = B.F. 51.00  
= Baht 23.00

(3) ECGD Export Credit Financing; UK£ 1.00  
= Baht 32.79

for the civil engineering and steel fabrication and erection aspects of the project, while Societe des Mines et Fonderies de la Vieille-Montagne SA of Belgium, the electrolytic process licensors, have produced the design and are in close collaboration with Mechim SA of Belgium, the main engineering contractors. Padaeng's sophisticated Tak zinc refinery is a distinguished step forward in the venerable history of close technical and commercial liaison between Thailand and Belgium.

### Zinc Refining Logistics

Production of 60,000 tons per year of high grade zinc slab (ingots) needs a basic 950 wet tonnes (18% moisture) of prepared ore per day, say, 350,000 tonnes yearly, from the mine at Mae Sod. Additionally, the electrolytic process, plus plant process requirements, are expected to utilize a maximum 250 million kWh of electrical power from the Electricity Generating Authority of Thailand main 230 kV high tension transmission line from Bumiphol Dam Hydroelectricity Generating Station to Bangkok that runs past the plant. The ore found at the Mae Sod mine is a mixture of 66% silicate zinc hemimorphite and 33% zinc carbonate (smithsonite).

The advantage of electrolytic refining (smelting) over thermal reduction techniques such as the imperial smelting process is that the electrolytic method has a maximum temperature of 90 degrees centigrade and avoids risk of contamination by oxidation of the metal and is particularly suitable for the silicate ore found at Mae Sod.

Other special requirements are a maximum 70,000 tonnes per annum high quality sulphuric acid, aluminium cathodes imported from Belgium and 20,000 tonnes annually of locally-produced limestone to make 5,000-9,000 tonnes of lime for water treatment.

The plant also needs every year 1,000 tonnes of manganese oxide, 215 tonnes of copper sulphate, 400 tonnes of special steel grinding balls and 13,000 tonnes of bunker "C" heavy heating oil to produce 150,000 tonnes of process steam.

Training of personnel for Padaeng's plant was accomplished by sending about 35 lead engineers and technicians to learn the process at first hand at the only other comparable plant, operated by Vieille-Montagne at Balen in Belgium.

### Advanced Technology

Vieille-Montagne's advanced electrolytic zinc refining process used by Padaeng at Tak starts when the ore is dug from the mountain at Mae Sod. At the mine the ore is crushed, graded to four inches and classified for blending before haulage by road in semi-trailers by an independent contractor 80 km to the refinery at Tak. At the refinery the prepared ore is stored in a vast, totally enclosed storage facility, capacity 120,000 tonnes. Large under-cover storage at the Tak plant is necessary because the Mae Sod mine operates only eight months every year and is closed from May until September. Rainy season makes opencast mining such as Padaeng's operation at Mae Sod difficult, and the precious, prepared ore must be protected from rainfall. Large reserves are kept at the refinery to enable year-round production of zinc for industry.

From storage the ore is taken by conveyor to a semi-autogenous wet grinding process that reduces it to an 80 micron size in wet slurry form. The slurry is pumped to a 10-hour, 5-stage hot acid leaching process. Continuously stirring in large tanks with sulphuric acid produces a zinc sulphate solution which is separated from the unleached portion of the ore by a vacuum filtration process. The next stage in Vieille-Montagne's process is purification by cementation (addition of zinc powder) to agglomerate traces of copper, nickel, arsenic, cadmium and tin salts still present in the zinc sulphate solution.

The final and most exciting stage in the electrolytic refining of zinc comes as the now highly pure zinc sulphate solution is circulated continuously through the twin cell arrays of the largest automatic electrolytic cell house in operation anywhere. Here, almost comple-

tely pure metallic zinc is electrolytically deposited on aluminium cathodes in round-the-clock operation.

At a rate of 15 times every hour, 1,500 cubic metres of the zinc sulphate solution circulates through the electrolytic cells, automatically regulated by topping-up with fresh solution to maintain a concentration of 50 grams per litre at the cell outlets, while cell temperature is maintained at 32 to 34 degrees centigrade.

Every 24 hours, the largest pure electrolytic zinc sheets produced anywhere today are lifted from the electrolysis cells and mechanically stripped from the aluminium cathodes, automatically. These 5 mm thick 3.2 square metre sheets are melted in an automatic induction furnace, and cast into 25 kilo zinc slabs and go to the company's stockpile to await delivery to customers in commercial 1-tonne, 40-slab bundles. About 50 to 60% of the demand for Padaeng zinc is forecast to be from industry within Thailand, while a ready market is expected for the remaining output from growing ASEAN production of automotive assembly in which zinc is a necessity for galvanising sheet metal components.

### Automation

Electrolysis of metals is an age-old technique used widely for many industrial processes from producing high-purity gases and metals to precision electro-deposition of protective metals such as in chromium plating.

But what is new in the Vieille-Montagne design of Padaeng's new Tak plant is the elegance of the sophisticated finger-tip control and economy of the process. Three linked FOX 300 Foxboro (USA) process control computers monitor and control the four stages of the process. According to Mr Marcel Bruyer, Padaeng Vice President, Technical, "Vieille-Montagne's Padaeng Tak plant silicate technology is unique". Mr Bruyer is one of several Belgian engineers at Tak with experience of the only other comparable automatic zinc electrolysis plant at Balen in Belgium.

A special requirement of the Tak zinc refinery is sulphuric acid for the hot acid leaching process. Unlike many naturally occurring zinc ores, the Mae Sod deposit is a silicate ore. Refineries using sulphide ores produce excess sulphuric acid as a process by-product, but the Tak plant has its own automatic high-efficiency sulphuric acid plant using raw sulphur imported from Canada, Iraq or Poland. Refinery requirements are 180 tonnes per day of sulphuric acid for the hot acid leaching stage of ore preparation and this is produced from 60 tonnes per day of raw sulphur in a high-efficiency catalytic converter continuous process.

Raw sulphur is burned in a furnace to produce sulphur dioxide gas. This is oxidised to sulphur trioxide in a 4-stage catalytic converter tower with beds of vanadium pentoxide. Finally, the sulphur trioxide combines with water in an absorber to produce pure sulphuric acid. Waste heat from the sulphuric acid plant is recycled to provide process steam as conservation and environmental considerations have received careful attention in the design of Vieille-Montagne electrolytic zinc process.

### Environment and Conservation

The majestic mountains of Tak Province and the entrancing valley of the Mae Ping River are unlikely to be unduly spoiled by the new industry at Tak. Fumes from the economical process are practically non-existent: oxygen from the electrolytic process can only enhance the already sparkling mountain air of Tak. Water drawn from the nearby Mae Ping River is recycled for further process use to minimise consumption. Scars on the natural environment there undoubtedly are: it is impossible to exploit a mountain-top with a 200 x 600 metre opencast mine and not leave trace. But top soil replacement and reafforestation of the working area is part of the Padaeng concern that an essential industry must not mar the future of an area of outstanding natural beauty.

## Long-Term By-Products Storage

A major consideration in the refining of zinc is the long-term storage of high cadmium content by-products from the acid leaching stage of the process. Commercial cadmium extraction from the purification cake is not viable in the present depressed world market, although this could alter in the future. The cake contains about 23% cadmium, plus proportions of residual zinc, copper and various other metallic salts. This waste will be carefully stored in a small lined pond so that it cannot leak into the environment. Padaeng has one large leach residue pond now with capacity for two years production at the refinery, and has purchased land sufficient to install storage ponds sufficient for the next fifteen years with the plant in full production.

## Commerce in Zinc

Growing manufacturing demand in Thailand attracted in 1983 imported zinc and zinc products and alloys to a total CIF value for the year of 733.55 million baht, according to Department of Customs statistics. Nearly 700 million baht of this sum was spent on just over 30,000 tonnes of unwrought zinc ingots, mainly from Australia (462.30 million baht) and Canada (101.35 million baht). Zinc is necessary for sheet metal component galvanising in a growing automotive industry and to produce by die-casting a wide range of technical products in industry. The gain to the national economy in an era of increasingly unhealthy balance of trade in terms of foreign exchange savings is self-evident. Padaeng's investment to produce indigenous high quality zinc from natural resources becomes even more attractive with the realisation that a major proportion of the output will be available for export with a buoyant world market for this valuable metal.

## The Technical Present and Future at Tak

Padaeng's Tak plant for the time being will remain semi-automatic with buffer storage between the four separate process stages of grinding and leaching, purification (cementation) and filtration, electrolysis, and finally smelting and casting (see diagram). Complete computerized automation of the production process could be considered with the installed hardware; only a software programme needs to be devised for a further technical advance into the future. Whether this will be feasible remains to be seen when the plant process has settled down and the managerial pros and cons of full automation assessed. Informed opinion at this stage is that the economy of scale of the present configuration will suffice in the present technical and social economic climate.

Problems there have been with such an advanced-process plant. "We've had the usual startup problems, so we're moving in slowly" states Mr Painter, "we've had a great deal of debugging to do of the highly sophisticated plant". A major problem has been discovered with the semi-autogenous grinding process requiring some redesign; there have been some difficulties with internal communications between the polyglot work force, now happily resolved. But top management, both technical and administrative is confident that Padaeng's plant is successful because it is already producing top-quality zinc in a unique circumstance.

The estimated life of the Mae Sod deposit is 16 years at a refinery production rate of 60,000 tonnes per annum, but Padaeng industries is not prepared to rest on its laurels with this singular advance for technology for Thailand and ASEAN. The hope for the future is that the Tak initiative will open the way to further development and international investment in natural resources in an era of technology transfer in this expanding era of manufacturing enrichment of the economies of Southeast Asia today.

THAILAND

GOVERNMENT TO BUY ARMS VIA COUNTER TRADE

Kuala Lumpur BUSINESS TIMES in English 29 Mar 85 p 2

[Text]

BANGKOK, Mar. 28

THE Thai Cabinet has approved in principle a proposal by the Defence Ministry to buy arms through counter trade.

A national committee is to be set up to handle the proposed scheme through which Thai agricultural and industrial products would be traded for military goods.

According to the Defence Ministry, several countries had offered to counter trade their weapons for Thai goods.

The American Northrop Corporation last year offered to sell 16 F-20 Tigershark jet fighters worth US\$316 million (about M\$760 million) through counter trade.

Northrop's offer to take 90 per cent of the purchase price in the form of rice and other commodities was not taken up.

The offer came after the Thai Air Force expressed interest in buying the advanced general dynamics F16 "Flying Falcon".

The US State Department recently notified Congress of its intention to sell the aircraft to Thailand.

Because of the devaluation of the Thai baht, the Thai Air Force which will be paying for the aircraft from its own budget, trimmed the number it intended to buy from 16 to 12. -- Bernama

CSQ: 4200/867

THAILAND

EDITORIAL DEPLORES SRV ATTACK ON FISHING BOAT

BK291421 Bangkok THAI RAT in Thai 28 Apr 85 p 3

[Editorial: "The Attack on a Civilian Ship"]

[Text] The navy secretary disclosed that on 25 April, a Vietnamese gunboat and helicopter opened fire on a Thai fishing trawler, the "Sarawadi 10," killing three Thai crewmen. The Thai fishing trawler was also robbed of property worth 324,000 baht. This is the first time that Vietnam has used a helicopter as in war to conduct piracy against a Thai fishing vessel.

Such behavior by Vietnam constitutes a violation of international law and codes of conduct. The attack on the unarmed fishing trawler and the killing of the Thai fishermen are an act of piracy. Vietnam cannot make the excuse that the fishing trawler was engaging in any war activity because it carried no weapons.

The question that arises now is whether the incident took place in Thai or international waters. If it occurred in international waters, all countries should realize now that Vietnam has no respect for international law and no country can exert any influence--either militarily or diplomatically, to compel Vietnam to abide by the law.

Vietnam is now attempting to expand its influence in the Gulf of Thailand either for strategic or psychological reasons. It is certain that such incidents will be repeated as long as Thailand and its allies are unable to find measures to guarantee safety in international waters in the Gulf of Thailand, where the attack was unprecedented.

In addition to a normal diplomatic protest, the Thai fishermen and government agencies concerned just jointly work out self-defense and other measures to ensure the safety of Thai fishing trawlers in the areas because this matter involves the economy of the fishermen themselves and of the country as a whole. Failing to find any measure to guarantee safety in the Gulf of Thailand is tantamount to allowing Vietnam to cause trouble in the area freely.

It is difficult to provide protection for trawlers outside our territorial waters. Due to the ambiguity of sea boundaries, Thailand and its neighboring countries, including Vietnam, have in the past treated fishing trawlers



leniently. As a complication of the Cambodian issue, Vietnam is now trying all ways and means to make use of the vulnerabilities of the free countries in this region, even to the extent of attacking an unarmed fishing boat to create a situation. A similar incident is like to reoccur.

CSO: 4207/197

THAILAND

AIR FORCE COMMANDER ON U.S. MILITARY AID

BK300238 Bangkok Domestic Service in Thai 1200 GMT 29 Apr 85

[Text] Air Force Commander Air Chief Marshal [ACM] Praphan Thupatemi told reporters that the United States will give its answer to Thailand's request for the purchase of the F-16 aircraft in late April or early May. However, he said that the purchase of the aircraft will not pose any financial problem to Thailand, adding that the 12 aircraft will cost about 8.9 billion baht and that payment will be made on an installment basis. He disclosed that the air force has sought cooperation and approval from the Budget Bureau and the Finance Ministry for the purchase.

The air force commander noted that the general public will be informed about the signing of the agreement, because this issue has drawn much attention from the people.

ACM Praphan also stressed that the purchase of the aircraft will not affect major armed forces development projects. Besides, the purchase of aircraft is also a form of development for the air force.

Asked if U.S. President Reagan's letter to the prime minister on U.S. support for Thailand would have any effect on the development of Thailand's defense and if Thailand would ask for any U.S. assistance, the air force commander said that the letter has nothing to do with the purchase of the U.S. weapons because Thailand also has its own pride. We will consider the interests of both the United States and Thailand before asking for U.S. assistance. We will not ask for free weapons from the United States.

CSO: 4207/197

END